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MBS Recap: Bonds Dragged Into Snowball Rally by Stocks (Not Turkey)

Headlines continue overstating the connection between US market movements and the financial drama in Turkey. Today was especially damaging to the case for correlation as Turkish Lira improved significantly even as US stocks and bond yields sank. The conventional wisdom has been arguing for the **OPPOSITE** relationship lately (i.e. weaker Lira pushes bond yields and stock prices lower).

US markets weren't too troubled by Turkey today. Rather, it was steep losses in Chinese stocks overnight that correlated most readily with declines in US stocks. The stock slump prompted a fair amount of bond buying demand. **The trick** for bonds was that traders were widely betting on rates moving higher post-Turkish-crisis. As such the unexpected buying demand set of a wave of short-covering resulting in a bit of snowball rally in Treasuries.

MBS never get to experience these geopolitical risk-related ups and downs on the same level as Treasuries and today was no exception. MBS were lucky if they gained half as much as 10yr notes (in terms of PRICE) at any given moment today. Moreover, the gains really started rolling in just after lenders priced for the morning. That meant **very few positive reprices**.

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.46	+0.07
MBS GNMA 5.5	99.81	+0.03
10 YR Treasury	4.2271	-0.0254
30 YR Treasury	4.4556	-0.0169

Pricing as of: 7/23 1:04PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

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Breton is a Branch Manager & Sr Loan Officer at the top of his field for over 15 years. Transparency & treating people like family is how he has built a solid network of referral & repeat business over the years. Candor and expertise is how he communicates & consistently closes on time getting the best loan possible. With Geneva Financials' wide array of products & its seamless, straightforward process he will be able to find you the best mortgage structured the right way. With a positive attitude, Breton is consummate pro who is honest, upfront & shoots it to you straight. 949-887-7289

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