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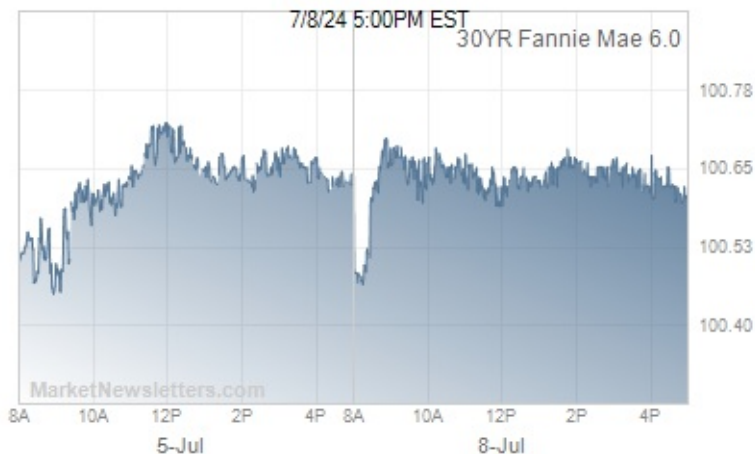
UPDATE: Bonds At Best Levels After Auction

AB/Inbev may change their best known slogan to "This Bond's For You." They're counting on the world's love of beer to underpin the **largest-ever** corporate bond offering, but have still had to add margin to the deal in order to garner sufficient interest in the whopping \$46 billion offering. This is much higher than initially expected (some talk yesterday of only \$20-30 bln being in US dollars), but so far, markets appear to be taking it in stride.

It's nothing short of **impressive**, considering that bond markets are in stronger territory despite absorbing so much new supply (Treasury auctions + corporate bonds), even after we consider that Inbev had to add margin to its bond deal. It speaks to a certain desperation on the part of financial markets to ensure return OF capital (as opposed to return ON capital).

The **stellar 10yr auction** corroborates that story with the best bid-to-cover ratio in more than a year and one of the biggest gaps lower from the 1pm expectation (it was a 1.1bps gap and anything over 1.0 is big when it comes to 10yr auctions).

Bonds are at their **best levels** of the day with 10's down 2.5bps in total at 2.08. Fannie 3.0s are up 6 ticks at 100-31.



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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	0.00
MBS GNMA 6.0	100.72	-0.02
10 YR Treasury	4.2803	-0.0015
30 YR Treasury	4.4651	-0.0206

Pricing as of: 7/8 5:50PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			

30 Yr. Fixed	7.01%	-0.02	0.00
15 Yr. Fixed	6.41%	-0.03	0.00
30 Yr. FHA	6.48%	-0.02	0.00
30 Yr. Jumbo	7.22%	-0.02	0.00
5/1 ARM	7.03%	-0.02	0.00

Freddie Mac

30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/8

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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