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## The Day Ahead: Revisiting Bigger Picture After Yesterday's Losses

- Bonds remain generally strong despite yesterday's losses
- There continues to be a good line in the sand that can warn against a bigger shift
- Further losses would take rates back toward previously broken range of 2016

Yesterday's [Day Ahead](#) pointed out the stock/bond divergence and asked "which one is lying?" As I sifted through headlines this morning, I saw one to the effect of "stocks and bonds saying the same thing, but **trust bonds.**" I'm glad that's all cleared up!

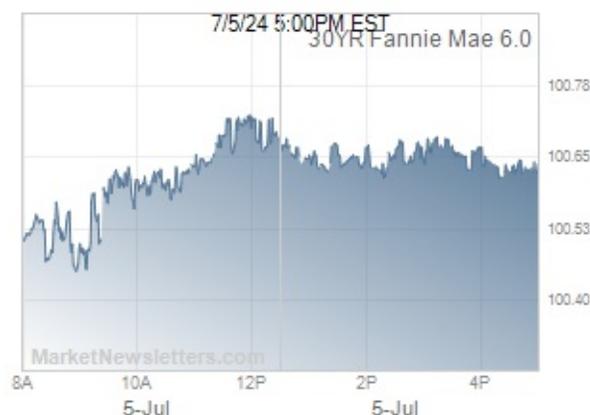
Seriously though, given the global sovereign debt situation (Treasuries are US sovereign debt) with over 10 trillion dollars now trading at negative rates, it's **hard to make a case** for 10yr US yields of 1.5% being too low. Whatever the case going forward, we can definitely see that bonds have been strong in general this year, and more specifically, have been surprisingly strong in the wake of the Brexit move.

To clarify, I'm referring to US bond yields' ability to hold near newly acquired lows after a **big surge into multi-year lows**. This isn't common and it most likely speaks to underlying strength, or at the very least, crippling uncertainty. Even after yesterday's weakness, bonds have still come into the domestic session holding under the important 1.53% level in 10yr yields. Staying below 1.53 insulates us from the risk of revisiting the previous "triangle" of 2016.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	<b>+0.22</b>
MBS GNMA 6.0	100.74	<b>+0.21</b>
10 YR Treasury	4.2939	<b>+0.0121</b>
30 YR Treasury	4.4881	<b>+0.0024</b>

Pricing as of: 7/8 3:55AM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.03%	<b>-0.05</b>	0.00
15 Yr. Fixed	6.44%	<b>-0.01</b>	0.00
30 Yr. FHA	6.50%	<b>-0.05</b>	0.00
30 Yr. Jumbo	7.24%	<b>-0.01</b>	0.00
5/1 ARM	7.05%	<b>-0.02</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	<b>+0.09</b>	0.00
15 Yr. Fixed	6.25%	<b>+0.09</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.03%	<b>+0.09</b>	0.62
15 Yr. Fixed	6.56%	<b>+0.09</b>	0.54
30 Yr. FHA	6.90%	<b>+0.11</b>	0.95
30 Yr. Jumbo	7.11%	<b>-0.01</b>	0.50
5/1 ARM	6.38%	<b>+0.11</b>	0.54

Rates as of: 7/5



As a reminder, today is month and quarter-end, meaning that trading activity will be elevated--especially at the 3pm CME close. Certain traders have certain trades they MUST make by that time. Some of them will look for opportunities to make those trades throughout the day while many others will wait until the last minute. This can make for **volatility** as well as movement that seems to go against the grain of other indicators (data, headlines, related market movement).

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