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ALERT: Losing More Ground After ISM; Negative Reprices Becoming Likely

Here's the rundown on the ISM Non-Manufacturing data:

- ISM REPORT ON U.S. NON-MANUFACTURING SECTOR SHOWS PMI 57.1 IN SEPT (CONSENSUS 53.0) VS 51.4 IN AUG
- ISM NON-MANUFACTURING BUSINESS ACTIVITY INDEX 60.3 IN SEPT (CONSENSUS 52.2) VS 51.8 IN AUG
- ISM NON-MANUFACTURING PRICES PAID INDEX 54.0 IN SEPT VS 51.8 IN AUG
- ISM NON-MANUFACTURING NEW ORDERS INDEX 60.0 IN SEPT VS 51.4 IN AUG
- ISM NON-MANUFACTURING EMPLOYMENT INDEX 57.2 IN SEPT VS 50.7 IN AUG
- ISM NON-MANUFACTURING PMI AT HIGHEST SINCE OCTOBER 2015, INCREASE IN INDEX BIGGEST SINCE FEBRUARY 2011
- ISM NON-MANUFACTURING BUSINESS ACTIVITY INDEX, EMPLOYMENT INDEX AT HIGHEST SINCE OCTOBER 2015

This is a violent swing for this data set, which moved from the lowest level in more than 6 years to the best level since October 2015 in one fell swoop. To emphasize one of the newswires above, it was the biggest gain in more than 5 years.

The ISMs (both manufacturing and non-manufacturing) are probably the most important data sets apart from NFP when it comes to consistent market movement potential. So a big beat is a big deal.

Treasury/MBS trading reflects that at the moment with 10yr yields up 3bps to 1.72 and Fannie 3.0s down 5 ticks to 103-15. Negative reprices are becoming likely for early/aggressive lenders.

It would take another 2-3 ticks of weakness for reprices to be widespread, but even now, the abruptness of the move means that the risk can't be ruled out for any lender.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	+0.22
MBS GNMA 6.0	100.74	+0.21
10 YR Treasury	4.2808	-0.0010
30 YR Treasury	4.4721	-0.0136

Pricing as of: 7/7 7:37PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-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: 7/5



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