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UPDATE: Bonds Quickly Weaker as Corporate Bond Announcements Hit

Fannie 3.0s quickly fell from 100-16 to 100-10 just now. That's technically enough for a jumpy, sadistic lender to reprice for the worse, though we'd hope that every lender has figured out the need for bigger cushions between reprice levels in this market.

On a positive note, trading levels are already potentially recovering (Fannie 3.0 back up to 100-13, and 10yr yields down to 2.226 from 2.24.

The source of this most recent weakness was the announcement of several bigger **corporate bonds**, including a big \$6bln deal from Pfizer. The quick selling (and the relatively quick bounce back) is consistent with the type of weakness typically seen after new corporate announcements.

The takeaway is that we might be able to look at the post-data trading in a slightly different light. In other words, had the corporate announcements not hit right after the data, perhaps we wouldn't have seen bond markets so quickly shrug off attempts to hold on to better gains.

Even so, bonds remain in slightly weaker shape vs pre-data levels, and we continue to wait for a clear theme to emerge from today's trading.



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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	4.2818	-0.0784
30 YR Treasury	4.4857	-0.0440

Pricing as of: 7/5 5:59PM 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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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.

Rich E. Blanchard

