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## UPDATE: NFP "Beat" Leads to Initial Bounce, Followed by Second Thoughts

NFP came in at +178k vs a median forecast of +175k, but I can assure you that most traders out there were fearing a 200k+ number, given the slew of positive anecdotes from November's other labor market metrics. Even unemployment was significantly stronger at 4.6% vs a 4.9% forecast. That's a bigger beat than can be accounted for by the 0.1% decline in labor force participation.

The first move in bonds has been stronger--a logical gut reaction given the preponderance of high "whisper numbers" (off-the-record NFP forecasts not reflected in the official estimates). But in these cases, the fact that the report was still fairly strong compared to official estimates means the rally doesn't have an unmitigated path to glory. We're already seeing some evidence of this as yields bounced at 2.396 and now look to be reconsidering their goals closer to 2.41%.

Still, the result is much better than it might have been. In fact the worst possible result would have been a much weaker NFP that gave way to a paradoxical bond market sell-off. That would have said the most about where traders' heads were at.



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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
<b>Mortgage News Daily</b>			
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

<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
<b>Mortgage Bankers Assoc.</b>			
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

## 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.

**Rich E. Blanchard**

