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The Day Ahead: More Econ Data and "Month-End," But Trump Speech Looms

Today is the last day of February. 'Month-end' is different than other days for bond markets because it serves as a deadline for money managers to match their holdings with various indices. Long story short, when a particular fund says it holds x% of US Treasuries, the fine print typically stipulates that those Treasuries have an average duration based on an index. The index's main purpose is to track the overall Treasury market, thus allowing money managers a no-brainer decision when it comes to adjusting their mix of long/short duration bonds. MBS Live members can read the more detailed primer HERE.

Month-end usually has a moderately positive effect, all other things being equal. That said, we began to discuss early potential month-end buying as one of the sources of last Friday's gains. That **could make the effects smaller** today.

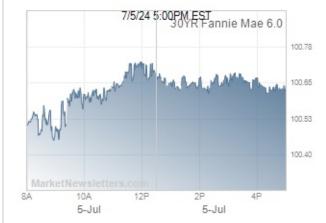
Even then, month-end rarely accounts for the lion's share of momentum in any given day. Today has other factors vying for attention. The econ calendar is moderate with the 2nd reading of **GDP** at 8:30am. **Chicago PMI** at 9:45am can occasionally make for a noticeable market response, but it's no guarantee. Finally, **Consumer Confidence** at 10am is the same sort of onagain/off-again market mover.

All of the above may be **muted** by the impending Trump speech tonight. Market participants are actively debating whether politics, The Fed, economic data, or global markets/events are the most important trading considerations at the moment. A big enough contingent believe in the "US politics" category that tonight's speech should be viewed as a potential gamechanger for the range (which has continued to avoid confirming a breakout, despite several recent "tests").

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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