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## UPDATE: Slightly Weaker as Corporate Issuance Weighs

Bonds continue telling us that the current weakness is something slightly more profound than just another incidental movement within the longer-term consolidation range. Yes, that **sounds a bit grim**, but it doesn't necessarily mean we're doomed. It does, however, mean that we're not expecting to see the same old "ceiling bounce" that we've seen every other time 10yr yields have moved over 2.50% in the past 3 months.

This time around, the adjustment is a factor of Fed rate hike expectations, as we discussed at length last week. From there, the **baseline scenario** would be to hold ground on the upper edge of the long-term range and wait to see what the ancillary components of the Fed announcement tell us (i.e. the press conference and the forecasts).

**Corporate bond issuance** is adding some pressure to that baseline scenario. At least 8 new deals were announced just this morning as the sense builds that company's need to get this debt issued before rates continue to rise. If you haven't read it yet or need a refresher, [here's the primer on how corporate issuance affects rates](#).

There's been **no significant data** this morning (International trade isn't a market mover anymore, and it came in right in line with expectations anyway), and there won't be any important data for the rest of the day. The **3yr auction** at 1pm can have a slight impact on the longer end of the yield curve ("longer end" implies 10yr yields and a more direct implication on Fannie 3.5 MBS and mortgage rates), but the week's remaining auctions tomorrow and Thursday will have far more potential to impact our world.

10's are currently up 1.3bps at 2.51% and Fannie 3.5s are down 3/32nds at 101-25. Next support level for 10's is just overhead at 2.52%.

## 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

### 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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