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UPDATE: 2yr Auction Helps an Already Strong Bond Market

- 2yr Treasury Auction
 - 1 full bp lower than expected (2.125% vs 2.225%)
 - Bid to cover: 2.75x vs 2.52x avg
 - Direct bidders took 27.2 vs 16.4% avg (highest since 2013)
 - Dealers took 26.2% vs 36.1% avg

It's tremendously uncommon for a 2yr Treasury auction to have a visible impact on trading in longer-dated Treasuries like the 10yr, but today is an exception.

Bonds were already much stronger overnight as Treasuries caught up to 2 days worth (Monday and Tuesday's overnight session) of European bond market gains. 2.28% had offered some resistance as a floor during the first few hours of domestic trading.

Following the auction, 10yr yields broke all the way down to 2.264%, but have since edged slightly higher to 2.269%. MBS are participating in the rally, but not on the same level as Treasuries. Fannie 3.0 coupons are up 6 ticks (.19) on the day at 99-24 (99.75).



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3611	+0.0009
30 YR Treasury	4.5344	+0.0047

Pricing as of: 7/4 11:44PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	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: 7/3

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