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ALERT: Treasuries Selling-Off, But MBS Resisting So Far

- Consumer Confidence
 - 131.6 vs 128.0 forecast

Stocks stumbled briefly at the 9:30am NYSE open, but quickly turned things around and began rallying. Treasuries followed even before the 10am Consumer Confidence data, but both sides of the market accelerated after the data. 10yr yields are now up 3.5bps to 1.648 (1.67% remains the important overhead line in the sand).

There is no specific headline or event driving the apparently vertical spike on the 10yr chart. It's just consistent selling since the 9:40am time frame, perhaps with a slight boost from the strong data at 10am.

MBS, for their part, aren't looking too worried about the Treasury sell-off at the moment. Fannie/UMBS 3.0 coupons are unchanged since 9:30am and still down only 1 tick (0.03) on the day. As such, we're not in a negative repricing situation right now, even though we typically would be based on the shape of the Treasury chart.

THIS MBS OUTPERFORMANCE WAS TO-BE-EXPECTED based on the underperformance yesterday and on Friday afternoon. That said, at a certain point, Treasuries could weaken enough that MBS will be forced to do a bit more selling. Lenders would likely be a bit quicker to reprice than normal in that situation simply because they're watching Treasuries (in addition to MBS) and are thus more on-guard for the latter to follow suit.



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	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM 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

	Rate	Change	Points
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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