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UPDATE: MBS Prices Squeezed Higher as Supply Subsides

The first two days of the week saw elevated supply in MBS from originators and elevated selling pressure in general due to the spread tightening discussed in [yesterday's video](#). The Fed bought most of its allotment of UMBS 30yr fixed coupons on each of the past 2 afternoons without making a dent in supply. Today has been a different story.

Sellers only put 4.48 bln on the Fed's auction table and the Fed accepted 3.045 bln. Contrast that to the past 4 operations:

- Tuesday PM: \$6.6 vs 3.8 bln
- Tuesday AM: \$7.2 vs 3.3 bln
- Monday PM: \$6.3 vs 3.8 bln
- Monday AM: \$8.3 vs 3.8 bln

In other words, the Fed took down a much higher proportion of what sellers were offering. The elevated MBS prices make great sense in that regard. 2.5 UMBS are up almost 3/8ths of a point at 104-05 (104.16). 10yr yields are down more than 10bps at .643.



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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

Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	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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