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MBS Recap: Reading From the Holiday Week Script

Much like yesterday, bond markets experienced a **somewhat abrupt intraday swing** that lacked overt motivation. This time, however, rates were heading in a more friendly direction with 10's ultimately dropping to 1.879 and Fannie 3.0s up 10 ticks to 101-29. again, we don't have much by way of gigantic, obvious motivations. So let's start going down the list and see what we find.

While motivations weren't necessarily overt, we still have a list of **likely suspects**. These include losses in oil and stocks as well as an almost complete evaporation in corporate debt issuance. Beyond that, it's good to remember that this is a holiday-shortened week and traders are scurrying to make the trades they need to make before taking off tomorrow afternoon.

In fact, the holiday week theme may be **one of the best ways** to think about the past 2 days of trading. Before that, Monday got things kicked off on a weaker note, but yields were nonetheless holding under the important 1.92% pivot point. Then yesterday's Belgian terror attacks and massive corporate bond issuance made for a bit of a curveball. With today's yields closing right in line with last Friday's, it's starting to look more like a holiday week, complete with a characteristically inexplicable spike and nearly as perplexing bounce back to unchanged levels on the week.

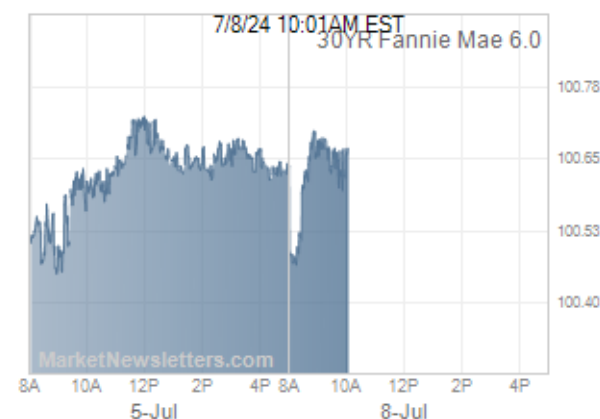
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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.64	+0.03
MBS GNMA 6.0	100.76	+0.02
10 YR Treasury	4.2803	-0.0015
30 YR Treasury	4.4735	-0.0122

Pricing as of: 7/8 10:02AM 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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