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MBS Recap: Best Levels in 2 Months, But Little Fanfare

- 10yr yields hit 1.697 today, matching last Friday's best levels--the lowest since April 7th
- Less than 2bps of movement all day though!
- Fannie 3.0s rose an eighth to 102-31
- European corporate bond buying did nothing much
- 10yr auction was well-received, but didn't move markets
- What will move markets?

Things are getting tedious in bond markets, but at least in a good way. Yields are grinding in a **narrow** range around their lowest levels of the year. Only 4 days have seen any lower this year, with the most recent being 2 months ago on April 7th.

We may well have seen **more** volatility today with the roll-out of the European corporate bond buying program, but it ended up having **no net impact** by the end of the day. Perhaps traders just did THAT good a job of pricing its effects in, or perhaps its effects are yet to be fully seen. Only time will tell.

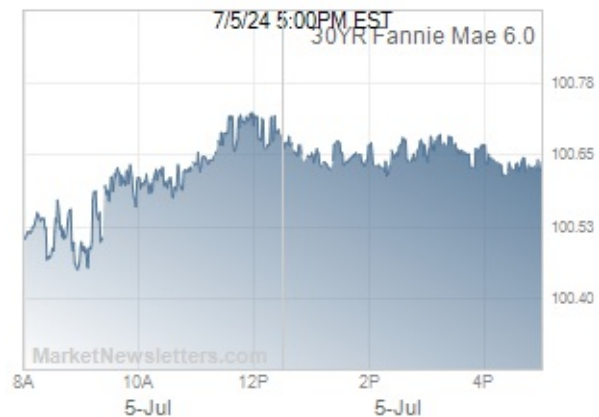
Unless something else **jumps out** at us between now and then, next week's FOMC Announcement seems like the next focal point for volatility. Having said that, I would say that almost any time we've looked that far into the future for the "next big thing," markets end up moving sooner for some unforeseen reason. We'll see...

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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	4.3150	+0.0332
30 YR Treasury	4.5088	+0.0231

Pricing as of: 7/8 5:51AM 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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Rich E. Blanchard

