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The Day Ahead: Yesterday's Hesitation Looking Justified; Technical Battle Resumes

Bonds are **back on the ropes** again to start the day as the Bank of England (BOE) surprised markets by holding rates steady. This was their way of flipping the bird (or is it "sit and spin" over there?) to global financial markets calling for the UK's relative demise in the wake of Brexit.

Even before the BOE headline, bonds were slightly weaker overnight. I might not look at that as anything more than the next logical move after yesterday's repeated, failed attempts at getting any sort of real rally going. If you want to apply a bit more meaning and correlation, we can always look at the general **"risk-on"** movement overnight that saw improvements for stocks, higher bond yields abroad, strong Pound Sterling, and weaker Yen. All of the above is more than enough for the first few bps of weakness in 10yr yields and the BOE did the rest.

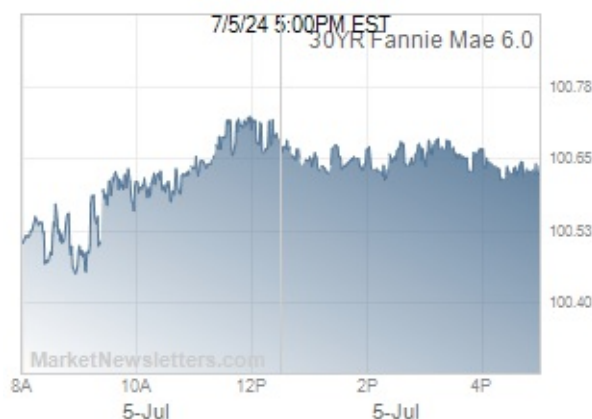
To quantify being "on the ropes" we can just use the same bigger-picture pivot point that's been in play for the past 2 sessions.



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	4.2969	+0.0151
30 YR Treasury	4.4909	+0.0052

Pricing as of: 7/8 3:47AM 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

Today's data includes Producer Prices and Initial Jobless Claims. The former could have an impact, but only if it deviates appreciably from forecast. The **rest of the day** will be spent sorting out which side of this 1.53 pivot point looks more inviting to traders.

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