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MBS Recap: Bonds Cheer Weak GDP and Month-End Momentum

Heading into the close at much stronger levels this afternoon, it would be easy to overlook the fact that bond markets were weaker overnight (following the Bank of Japan's underwhelming policy announcement) and **remained in weaker territory** right up to the 8:30am GDP release. Who knows how momentum would have shaped up had GDP come in stronger than expected?

While a weaker economy is unfortunate, its effect on interest rates is the opposite. **Bonds rallied purposefully** after the +1.2 vs +2.6 percent GDP miss (not to mention the revision to the previous quarter from 1.1 to 0.8), coasting to a sideways and slightly stronger stop in the early afternoon. Things stayed sideways until 2pm, at which point **month-end bond buying** momentum took over, nearly matching the strength of the post-GDP gains.

10yr yields hit 1.453 at the 3pm close and fannie 3.0s were up a quarter point to 104-03. Next week brings a slew of economic data, including NFP on Friday.

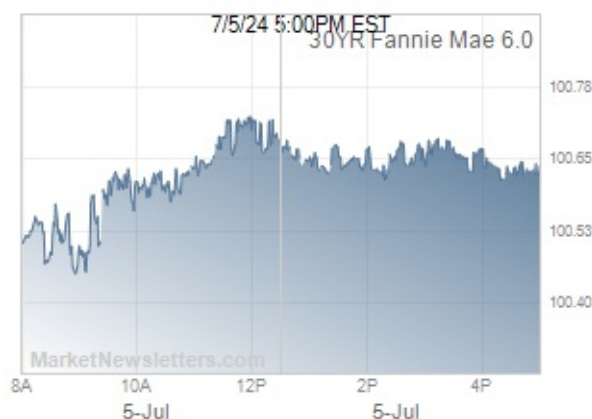
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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	+0.22
MBS GNMA 6.0	100.74	+0.21
10 YR Treasury	4.2969	+0.0151
30 YR Treasury	4.4975	+0.0118

Pricing as of: 7/8 2:00AM 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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