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## UPDATE: Bonds Breaking Resistance After 5yr TIPS Auction

It's essentially **impossible** to perform market analysis on a TIPS auction without sending a questionnaire to all of the bidders. Don't let anyone else tell you otherwise. This has to do with the fact that TIPS demand can mean 2 entirely different things. On the one hand, it suggests demand to be protected from inflation, which has a negative implication for bond markets. On the other hand, it suggests demand for bonds in general, which has a positive implication.

All we can really do is say "the **TIPS auction just happened**" and then observe a change in bond market behavior. Right now, that change is positive. Incidentally, all of the auction stats were right in line with recent averages, so we're not seeing a reaction to the auction details. We could, however, simply be seeing a reaction to the fact that bond investors just moved past the need to bid on another \$14 bln of "supply," thus allowing for a modest positive movement.

10yr yields are down to the **lows of the day** at 1.532, which is notable because 1.540 had been acting as resistance (aka, a "floor"), at least in the short term. MBS have done an OK job of following the move with Fannie 3.0s also at the best levels of the day.



## 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	4.2910	+0.0092
30 YR Treasury	4.4881	+0.0024

Pricing as of: 7/7 11:55PM EST

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
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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With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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