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MBS Recap: Markets Offer No Sign of Pre-Yellen Tilt

As we discussed this morning, sometimes markets will take a "lead-off" ahead of a big potential market mover if there's an underlying predisposition that traders have been 'hiding' (for lack of a better term). This has resulted in some surprisingly big moves ahead of things like NFP releases and Fed Announcements over the years. Even without such a big movement, we still usually see some signs of increased bet-making on the run up to the big event.

But not this time. Bonds gave **no clues** about what they might be thinking ahead of Yellen's Jackson Hole speech tomorrow. That said, they did react in some small way to the stronger Durable Goods numbers. Before that, bonds were in just slightly stronger territory through the overnight session. When Durable Goods came out (+4.4 vs +3.3 forecast), Treasury yields rose by a whopping 2bps. They promptly fell back to 'unchanged' by 11am.

The afternoon brought a fairly lackluster 7yr Treasury auction, which applied another token amount of pressure on bond markets. All of this is **much ado about nothing**, however, because yields are very much inside the same old range. Moreover, today's trading range was one of the narrowest of the already-narrow range.

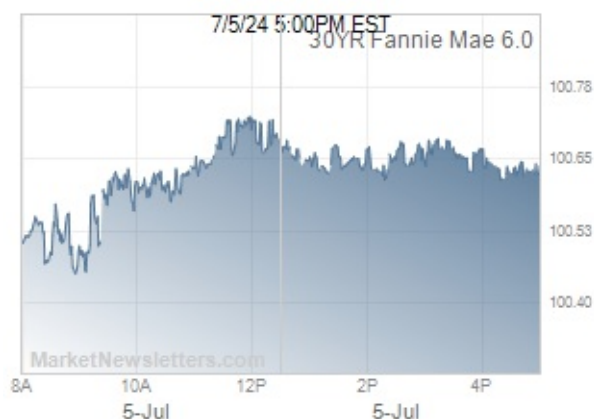
In a vast sea of uninteresting bond market movement, we can **at least look forward to tomorrow**. Yellen's speech is so hyped that it would be interesting to simply see whether it moves markets or not.

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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	4.2905	+0.0087
30 YR Treasury	4.4876	+0.0019

Pricing as of: 7/7 11:52PM 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

