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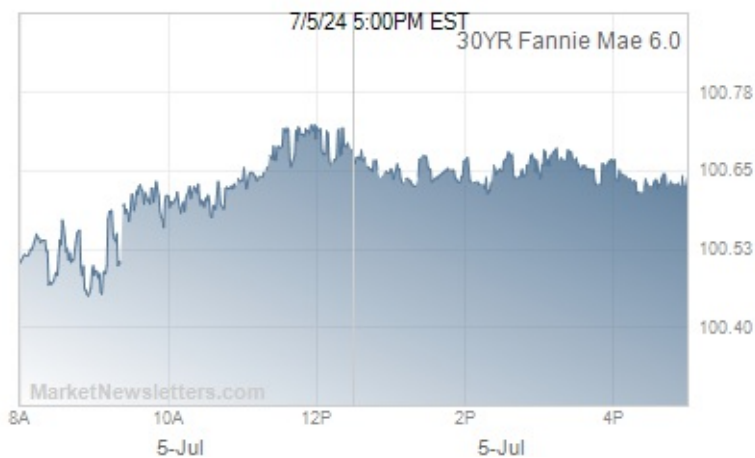
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UPDATE: NFP Weaker Than Expected, But Bonds Sell Off Anyway

- NFP 156k vs 175k forecast, 167k previously
- Labor force participation 62.9 vs 62.8 previously
- Unemployment rate 5.0 vs 4.9 forecast/previous
- Wages +0.2 vs +0.2 forecast, +0.1 previous

Bonds initially picked up a few bps/ticks on these slightly weaker results with 10yr yields falling from 1.758 to 1.736. Fannie 3.0 MBS WERE up from 103-13 lows to 103-16 at the moment. The problem with this data is that, while weaker, it's still reasonably close to consensus. Furthermore, there are no glaring weaknesses in the internal components--especially the wage numbers, which came in as expected.

And wouldn't you know it... bonds just happened to bounce sharply as I typed that last sentence, erasing ALL of the initial post-NFP gains. 10yr yields are quickly up to 1.77 and Fannie 3.0s are down 5 ticks. Game-on for selling pressure.



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	4.2808	-0.0010
30 YR Treasury	4.4721	-0.0136

Pricing as of: 7/7 7:37PM 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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