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MBS Recap: ECB Takes a Pass. Bonds Do Nothing

Today was pretty **anticlimactic**. Most of my analysis is already available in the [Day Ahead](#). If you're not the link-clicking type, it basically says that the ECB seems set to announce "something" in December. Perhaps that "something" will be its intention to taper asset purchases or perhaps it will officially extend them.

Either way, Draghi did a **very good job** today of admitting to the fact that tapering was being discussed while still disavowing that it had been discussed! How did he do that?!

With committees!

Much like there are various types of members of the Federal Reserve (regional presidents, voters, non-voters, and the board), there are similar divisions at the ECB. Several times during the press conference, Draghi alluded to the fact that tapering was discussed **BY COMMITTEES** at the ECB, but not by the governing council.

In other words, Draghi said 'yeah, we discussed it, but I haven't decided to do it yet, and I'll decide when I'm damn well ready.' Draghi also reiterated something we learned last week, which is that a more official word on ECB tapering (or lack thereof) will likely come at the **December** meeting.

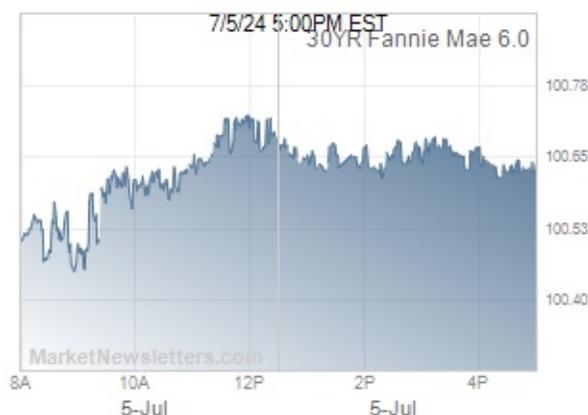
Bond markets cheered the absence of a tapering announcement at first, but then realized "hey... December isn't that far away." After a quick bout of morning volatility, bonds began losing ground and ultimately ended the day in just slightly weaker territory, **AND without** breaking any major technical levels for better or worse.

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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	4.2808	-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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