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MBS Recap: Bonds Hold Modest Gains With Little Regard For Fed

Taken in and of itself, today's Fed statement was "net-hawkish." That means, relative to the last announcement, the verbiage took small but noticeable steps toward setting up an eventual rate hike.

Normally a net-hawkish Fed announcement would be a **bad** thing for bond markets. (And to be fair, bonds did end the day slightly weaker vs pre-Fed trading levels.) But this time around, the Fed **wasn't nearly as bold** as they were last October, when they almost promised a rate hike in at the next meeting (by actually saying "In determining whether it will be appropriate to raise the target range at its next meeting"--something they'd never done before).

As such, the Fed was able to **get away with** upgrading their assessment of inflation and the overall economy without doing major damage to bond markets. Even then, bonds seem much more focused on the presidential election, with most of today's strength coming courtesy of yesterday's political headlines.

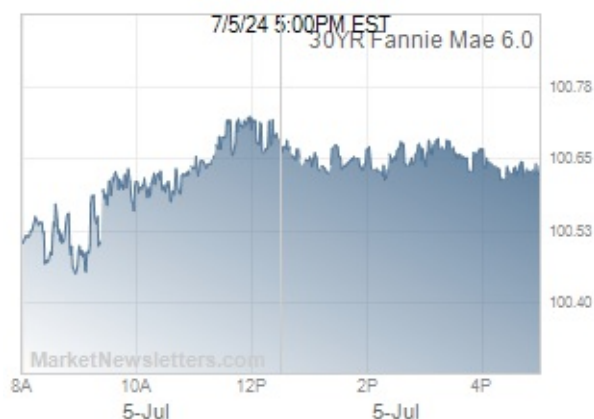
Treasuries ended the day 2.6bps lower, right on the important 1.80% technical level. **Fannie 3.0 MBS** were up 2 ticks at 103-00 even.

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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	4.2818	-0.0784
30 YR Treasury	4.4857	-0.0440

Pricing as of: 7/5 5:59PM 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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