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The Day Ahead: Bonds Look to Challenge Consolidation Range with 6th Win in a Row

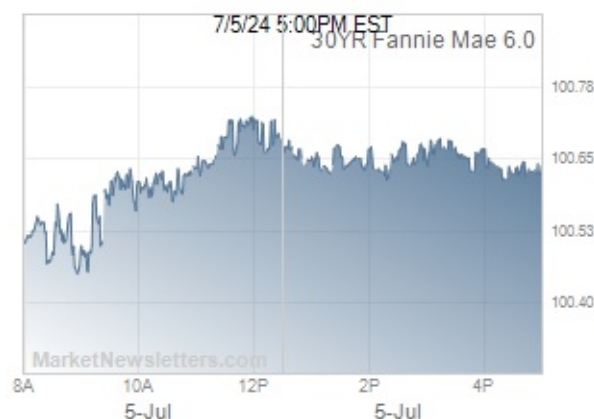
Bond markets are looking for their **6th straight victory** today. Each of the past 5 days have seen yields end the day lower than they opened. While that's not quite as strong a showing as ending the day lower than the previous day's close, it still makes for green candlesticks on the chart. This speaks to positive momentum during domestic hours.

If you're cautious, the following chart makes it look like the rally is about to run out of steam the same way it did in early February. If the market continues to favor the range-bound approach, the cautious mindset is **probably a very good idea**. If bonds are ready to break the range, however, there's plenty of **room for rally** to run based on technical levels that are not yet "overbought" (the lower horizontal lines on the 2 lower sections of the chart).

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



There are only a few economic reports today and neither are "big-ticket," per se. New Home Sales is expected in at 570k at 10am, up from 535k. The final reading of Consumer Sentiment is also out at 10am and traders will be looking primarily for changes in **inflation expectations**. That said, the "final" reading tends to be less of a market mover than the "preliminary" reading.

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