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ALERT: Back to Unchanged After Opening Stronger

First the caveat: any lenders that put out rates early (say, before 8:30am) have now seen more than an eighth of a point of weakness. This is typically the threshold for negative repricing risk for the jumpiest lenders. Given the size of yesterday's rally and the **lack of urgency** in this morning's selling pressure, I wouldn't necessarily be expecting negative reprices just yet. All that having been said, if you were hoping to wake up to a strong continuation of yesterday's rally, you're out of luck.

Yields dipped in the overnight session (10's hit 2.18%) as European bond markets got caught up with yesterday afternoon's domestic market movement. Everything bottomed out together just after 5am (Yen, stocks, bonds) and the "**risk-off**" trade had been stalled since then. As domestic trading began, the risk-off trade began to unwind.

Again, we're **not** yet seeing some massive bounce. It's **not scary enough** to shake inclined floaters off the float boat (though that can change very quickly in these situations, so **be on high alert**). Remember, that we're expecting **some** weakness either today or tomorrow and that if it doesn't erase more than half of yesterday's gains, it bodes well for floaters in the longer-term.

The first order of business would be for the risk-off rally to break through mid-April lows. So far today, it looks like the rally is considering that mid-April zone as the first opportunity to bounce.

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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