



Rich E. Blanchard

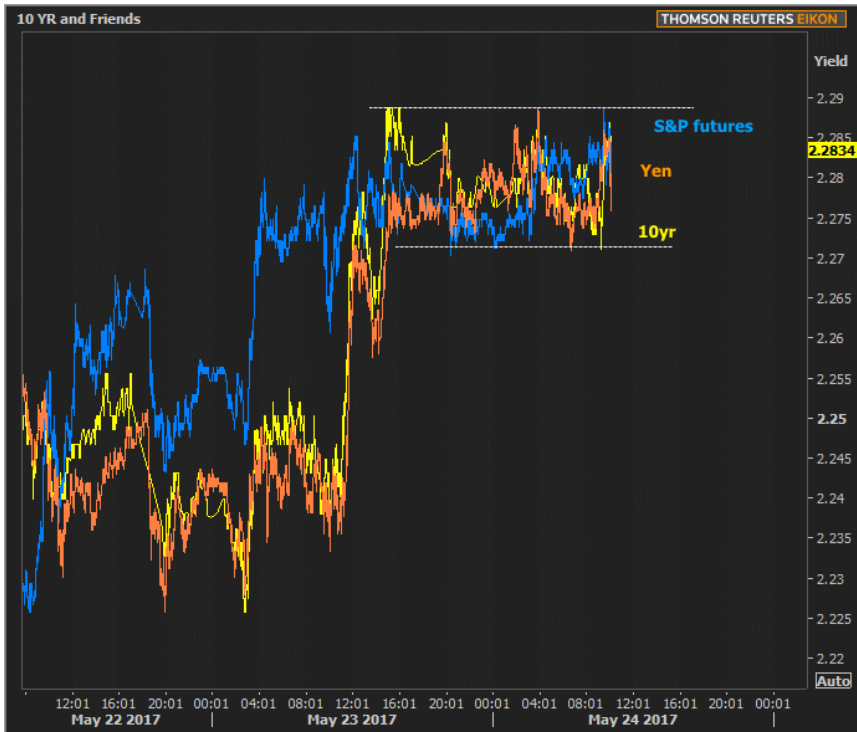
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UPDATE: Bond Markets Little-Changed After Econ Data

"Little-changed" is an ideal theme for bond markets so far today. Not only were bonds stuck in an **exceptionally** narrow range during the overnight trading session, they've also generally failed to respond to any of this morning's typical motivations (CME open at 8:20am, NYSE open at 9:30am, and econ data at 10am).

It's not that we'd necessarily **expect** any of these inputs to have a particular impact, but the lack of movement is telling. When we consider that stocks and other indicators like Japanese Yen (a benchmark for the **risk-on/off** mentality) are similarly sideways and range bound, we begin to get the sense that markets are waiting for "something."



Given the fact that the FOMC Minutes are coming out this afternoon and the perennial potential for Fed communications to move markets (as discussed in the [Day Ahead](#)), it's **not insane and definitely not unfair** to assume that traders are in their desired positions ahead of the Fed Minutes. In other words, markets may simply be waiting to see what the Minutes have to say before getting too carried away with any particular trading theme today.

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

The just-released **Existing Home Sales** data probably wouldn't have had much of an impact regardless of the afternoon's impending events. It was a close-to-consensus report, with sales coming in at an annual pace of 5.57mln vs a median forecast of 5.65mln.

The only **other potential flashpoint** for bond markets ahead of the Fed will be the 5yr note auction at 1pm (unexpected political headlines notwithstanding).



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