



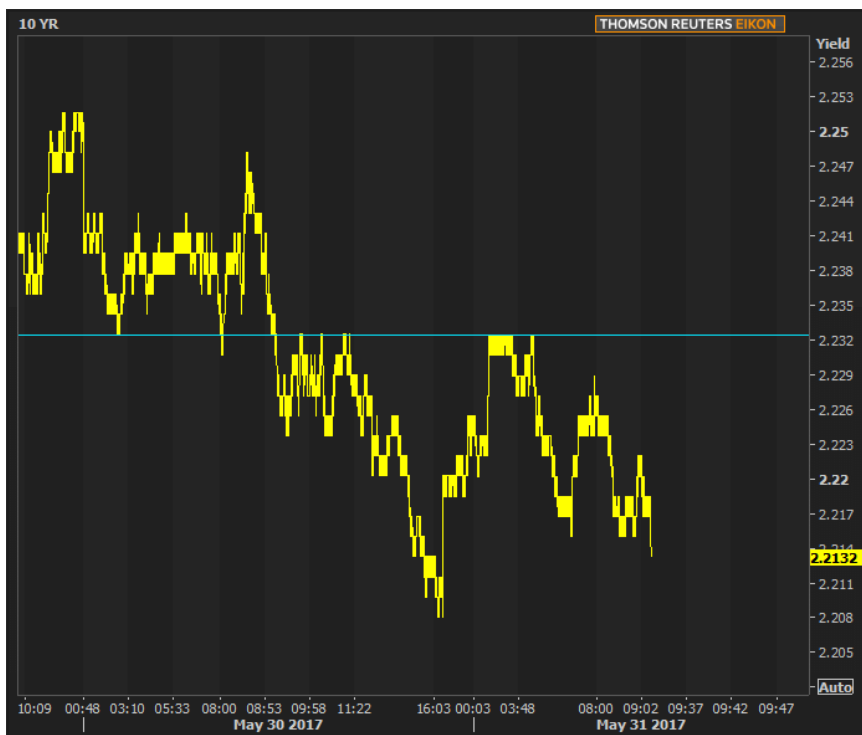
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UPDATE: Slightly Weaker Overnight, But Already Bouncing Back a Bit

Bond markets were slightly weaker in the overnight session, though it's perhaps more accurate to refer to the trend as "sideways near recent lows yields." In fact, 10yr yields had a **decent bounce** that occurred right in line with yesterday afternoon's supportive ceiling. It's highlighted in the chart below, and it gives us something to watch as the day progresses.



In the bigger picture, bonds continue to look just as willing to test their best recent levels as stocks, though a bigger move higher in stocks could still **pose a risk to bonds**. We'd define such a move by a marked break above the plateau in S&P futures seen in the following 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



The day's first significant data is coming up presently in the form of Chicago PMI, expected at 57.0. As always, a big beat/miss can be inferred from market movement at 9:42am (because some traders pay for early access). In today's case, we're not seeing any major reaction, thus suggesting no massive beat or miss. If we had to guess, we'd have a better chance of being right if we expected a slight "beat." (i.e. bonds have improved a bit since 9:42am).



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