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UPDATE: MBS Quietly Battle Back as Treasuries Grind Sideways

Today's trading session has been a classic example of what we sometimes refer to as an unofficial 3rd day of the weekend. This is somewhat surprising, given that Friday was a **high-volume, high-movement day**, and that today's economic calendar had at least one big-ticket market mover. Even so, the absence of volume and volatility speak for themselves.

MBS have been **outperforming** Treasuries for a few reasons. The easiest observation to make is that Treasuries outperformed MBS on Friday, and today is payback. It's not uncommon for Treasuries to lead bigger, risk-off moves and for MBS to close the gap when Treasuries settle down. That's exactly what the 2-day pattern looks like.

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

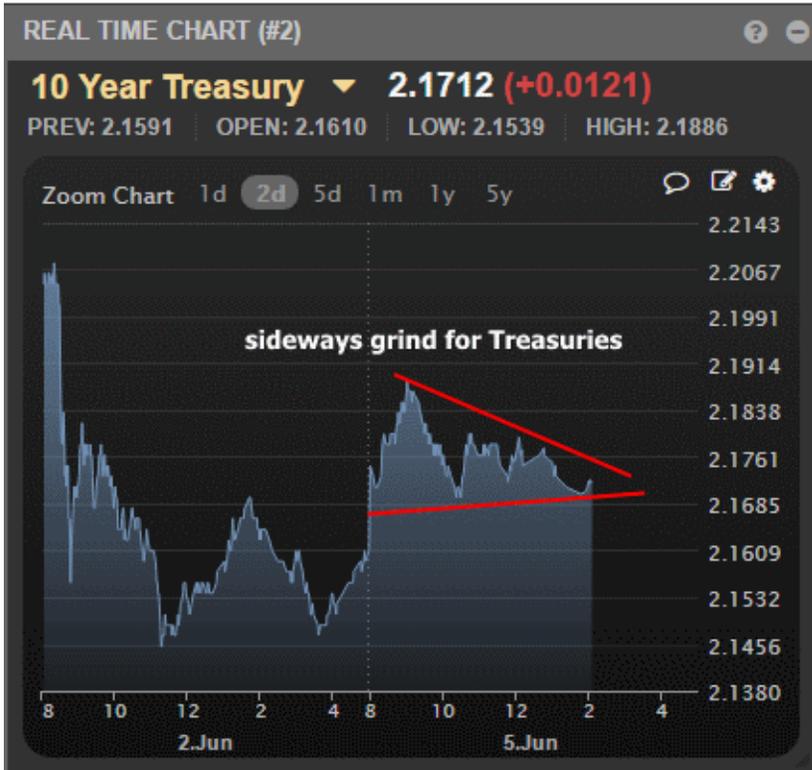
Freddie Mac

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



A fairly active slate of corporate bond issuance is also causing some extra pressure for Treasuries. To understand why corporate issuance affects Treasuries more than MBS, read [this primer](#).



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