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The Day Ahead: Still Fighting to Hold The Range

The week continues to offer little by way of scheduled economic data/events to stir the pot, thus leaving us to observe the underlying biases among traders (if there are any). So far, those biases are hard to detect. Most options are being **left open**. Yields have broken back above the 2.17% pivot point, thus leaving the **"bounce" option** on the table. This refers to a longer-term bounce off the lowest zone of yields achieved in the past 8 months.

On the other hand, yields remain in the recent downtrend marked by the parallel lines below, thus leaving the **"rally" option** on the table. The rise in rates over the past 4 days could easily be seen as a natural correction inside the confines of that range. Now, we'd simply be looking for a supportive/ceiling bounce at the upper end of the range to confirm it. For what it's worth, several trade desks have been mentioning the 200-day moving average as adding to the support. All of the above (and more) can be seen on the chart below.



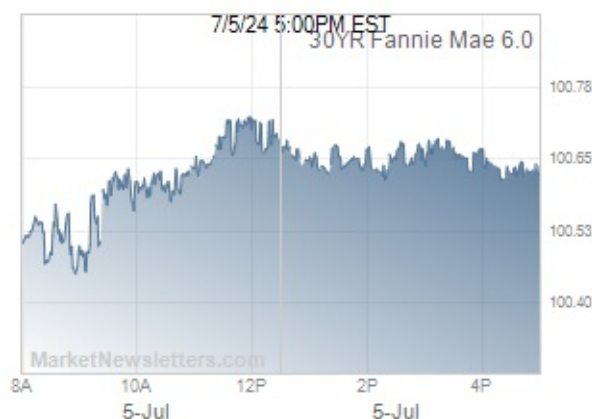
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MBS & Treasury Market Data

| | 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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