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ALERT: Bonds Slammed by Variety of Factors

Bonds were sharply weaker in the overnight session in a move that most analysts are chalking up to "earnings" because they can't think of anything better to blame or because they're stock people. It wasn't earnings, and this much is clear by seeing the blue line (stocks) lag below the others in the following chart.



As the chart suggests, the opening of EU markets served as the biggest source of upward pressure for bond yields overnight. Domestic traders piled on to the selling-spree with validation from the JP Morgan survey of Treasury clients showing another spike in "shorts" (traders betting on higher rates).

Data in Europe was generally stronger, but this move is too broad-based to chalk it up to one factor. With the ECB announcement coming up in 2 days, we're definitely starting to see some general apprehension about the first official (potential) roadmap for ECB tapering. US markets are apprehensive about the Fed Chair selection process, and more predisposed to sell bonds in general (hence yesterday's analysis to the effect of "the trend is still unfriendly" despite yesterday's gains).

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

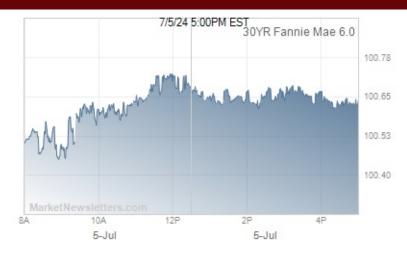
Average Mortgage Rates

	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 Banke	ers 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
Datas as af. 7/F			

Rates as of: 7/5

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