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ALERT: Negative Reprice Risk Increasing For Some Lenders

Bonds began the day in stronger territory. The overnight session was uneventful to slightly stronger. Early domestic buyers brought 10yr yields as low as 2.353 just before the 8am hour. We've seen steady weakness ever since.

While yields aren't yet back to unchanged levels (still in slightly positive territory for now), MBS just ticked into negative territory on the day. The discrepancy has to do with the shape of the yield curve where shorter-duration bonds are underperforming (and 3.5 MBS are slightly shorter duration than 10yr Treasuries).

The resulting weakness has Fannie 3.5s down roughly an eighth of a point from morning rate sheet print times for a few of the earliest lenders. As such some of the jumpier lenders could already be considering a modest negative reprice, but that would become more likely if Fannie 3.5 prices fall to 102-23.



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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