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ALERT: MBS Lose Ground Quickly; Reprice Implications Vary

UMBS 2.5 coupons are down a quick 6 ticks (.19) but still positive on the day, trading an eighth of a point below 104. That's a good thing in the sense it keeps the range more stable between 103 and 104. There's some small chance it's a bad thing for a few lenders who continue to reprice based on MBS movements this small (it would normally be significant, but not in March 2020).

So what happened?

Nothing necessarily. 6 ticks can happen in the blink of an eye with very little provocation--especially during the times of day that fall in between Fed buying sessions. It could be as simple as a few inclined buyers calling it a day/week, or a few inclined sellers needing to move inventory before the end of the week and not wanting to wait for the Fed this afternoon.

In my view, anything over 104 is a good selling opportunity until the Fed shows us otherwise, and we really hope they don't (again, not because we don't like high MBS prices, but we'd prefer stability versus pricing being too high).



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM EST

Average Mortgage Rates

	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	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: 7/3

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