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MBS Recap: Bonds Suddenly Wondering if They've Been Too Gloomy on The Economy

Bonds haven't been interested in econ data because none of it has had the ability to tell much of a story. Today's ADP Employment report is arguably an exception as it was staggeringly stronger than expected. Other data surprised to the upside, stocks set more multi-month highs, and bonds suddenly find themselves on the run.

Econ Data / Events

- **11:30-11:50 AM (ET) - Fed 30yr UMBS Buying**
- ADP Employment: -2.760m vs -9.000m f'cast, -19.557m prev
- ISM Non-Manufacturing 45.4 vs 44.0 f'cast, 41.8 previously
- Factory Orders -13.0 vs -14.0 f'cast

Market Movement Recap

- 08:35 AM** Bonds were modestly weaker overnight and are now under additional pressure after the much stronger-than-expected ADP Employment Report. 10yr yields up nearly 3bps, but MBS outperforming for now, down only 2 ticks (0.06).
- 10:08 AM** Additional losses after the 10am econ data (stronger ISM and factory orders). MBS down a quarter point and 10yr yields up and over the important 0.74% technical ceiling.
- 12:01 PM** Potentially seeing some support now, but only after things got pretty panicky there for a bit. 10yr yields remain over .74 (they were as high as .771). 2.0 UMBS are now down only a quarter point, but had been down nearly half a point at the lows of the morning.
- 02:04 PM** Bonds haven't hit any weaker levels compared to the 10-11am hour, but they've been unable to rebound in any convincing way. 2.0 MBS are still more than a quarter point off and 10yr yields are up 7.4bps at .761.

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	4.5918	-0.0140

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



Average Mortgage Rates

	Rate	Change	Points
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	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	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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