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UPDATE: 10yr Auction Spoke Softly, But it Didn't Say Anything Terrible

Auction stats can be confusing. If you need a **refresher**, [here's the primer](#).

- 10yr Auction
 - Yield = 2.995 vs a when-issued yield of 2.995
 - Bid-to-cover = 2.56x vs an average of 2.3-2.4x (2nd highest BTC in more than a year)
 - Indirect bid = 63% vs average of 62%

In and of themselves, these stats are **just fine**. It's "A to A-" sort of stuff, especially if we're looking at the "on the screws" yield award (2.995). Reason being: the yield award for this type of auction (a REFUNDING) tends to come in 1.2bps higher than the when-issued yield. So it wouldn't have been a surprise to see a yield award of over 3.01%.

But when we consider the recent context, the auction is **just "OK."** In other words, we wouldn't be seeing these relatively strong stats if the auction had taken place 2 days ago when yields were under 2.95%. It took the recent bond market weakness to entice the strong demand. It would have been nice to see a real blowout that confirmed a deluge of demand for bonds with near-3% yields, but alas. It was more like "yes, we agree 3% yields make some sense and we are certainly willing to buy some at these levels."

That mild sort of praise/support has been worth a mild improvement since the auction. Emphasis is on "mild" as 10's are only down by about half a bp since 1:01pm (still up 2.64bps on the day at 2.999%). Fannie 3.0 and 4.0 MBS are still down an eighth of a point.

NOTE: recent spikes to extreme lows in MBS prices today are not "real," as you may have guessed if you've ever read this primer: [Why Did MBS Just Inexplicably Tank?](#)

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30



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