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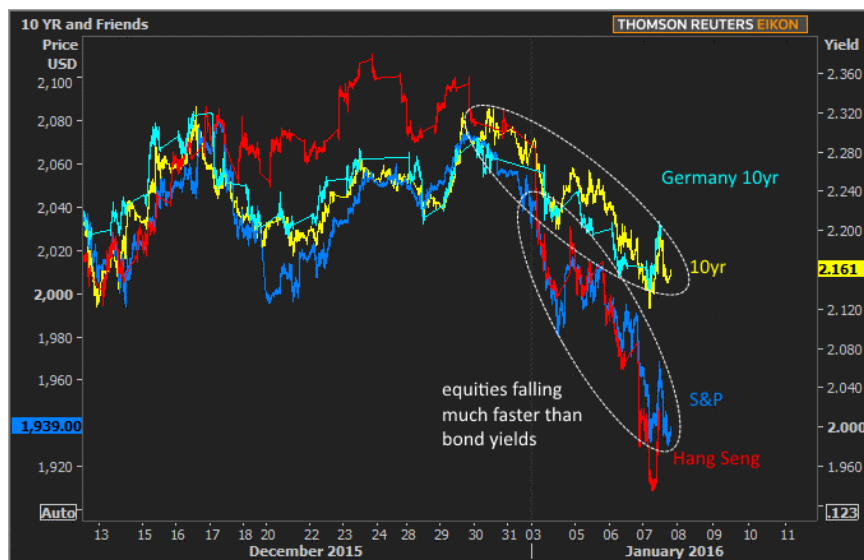
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The Day Ahead: Bond Rally Exhaustion Couldn't Come at a More Dangerous Time

Bond markets were able to put some green on the screen again yesterday, but that's not as positive a development as it normally is. We talk sometimes about bonds being **forced to rally** against their will and the past few days increasingly look like one of those times.

Wednesday's ADP data gave us a good opportunity to see this play out (bonds normally would have sold-off after such a big beat). Then Thursday's **massive stock market selling** at home and abroad only resulted in a modest improvement for bonds.



It seems like it's only a matter of time before the global flight-to-safety takes a break and bonds get their first opportunity of 2016 to go where it looks like they want to go (higher). Something like a much stronger than expected NFP number could be the sort of thing to catalyze such a turning point. In fact, NFP **couldn't come at a worse time** considering it looks like bond markets are already tired of rallying.

If NFP beats big and we **STILL** don't see a reversal of recent momentum, it would speak volumes to the legitimacy of fears surrounding the global economy.

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.40	-0.15
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.4223	+0.0454
30 YR Treasury	4.5610	+0.0549

Pricing as of: 5/17 5:59PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

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With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

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