



## Rich E. Blanchard

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## UPDATE: Bonds At Best Levels After Auction

AB/Inbev may change their best known slogan to "This Bond's For You." They're counting on the world's love of beer to underpin the **largest-ever** corporate bond offering, but have still had to add margin to the deal in order to garner sufficient interest in the whopping \$46 billion offering. This is much higher than initially expected (some talk yesterday of only \$20-30 bln being in US dollars), but so far, markets appear to be taking it in stride.

It's nothing short of **impressive**, considering that bond markets are in stronger territory despite absorbing so much new supply (Treasury auctions + corporate bonds), even after we consider that Inbev had to add margin to its bond deal. It speaks to a certain desperation on the part of financial markets to ensure return OF capital (as opposed to return ON capital).

The **stellar 10yr auction** corroborates that story with the best bid-to-cover ratio in more than a year and one of the biggest gaps lower from the 1pm expectation (it was a 1.1bps gap and anything over 1.0 is big when it comes to 10yr auctions).

Bonds are at their **best levels** of the day with 10's down 2.5bps in total at 2.08. Fannie 3.0s are up 6 ticks at 100-31.



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## MBS & Treasury Market Data

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

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

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.09%	<b>+0.07</b>	0.00
15 Yr. Fixed	6.56%	<b>+0.03</b>	0.00
30 Yr. FHA	6.62%	<b>+0.07</b>	0.00
30 Yr. Jumbo	7.35%	<b>+0.04</b>	0.00
5/1 ARM	7.30%	<b>+0.06</b>	0.00

### Freddie Mac

30 Yr. Fixed	7.02%	<b>-0.42</b>	0.00
15 Yr. Fixed	6.28%	<b>-0.48</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.08%	<b>-0.10</b>	0.63
15 Yr. Fixed	6.61%	<b>+0.01</b>	0.65
30 Yr. FHA	6.89%	<b>-0.03</b>	0.94
30 Yr. Jumbo	7.22%	<b>-0.09</b>	0.58
5/1 ARM	6.56%	<b>-0.04</b>	0.66

Rates as of: 5/17

## Expert Advice | Exceptional Service | Flawless Execution

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.

**Rich E. Blanchard**

