

THE FEDERAL SAVINGS BANK

**Ted Rood**

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UPDATE: Strong 10yr Auction Despite Normal Pre-Auction Routine; Bonds Rallying

- 10yr Auction
 - 2.615 vs 2.626% forecast
 - Bid-To-Cover 2.59 vs 2.50 average
 - Indirect bid: 69.4% vs 61.2% avg

Given the fact that bonds didn't undergo any of the typical "pre-auction concession" (a rise in yields in the run up to an auction, which facilitates easier bidding due to lower prices OR which serves as a reminder that some accounts are holding off on morning bond buying because they're waiting to do so at auction), today's strong results are all the more striking.

It's no surprise to see yields falling in response. Simply put, this is proof positive of solid demand for the longer end of the yield curve even as 10yr yields trade near the bottom of their recent range.

The only caveat I'd throw out here is that the free world is sort of waiting to see what happens with tonight's Brexit vote and that could be creating additional safe-haven demand overseas.

10s are currently down nearly 3bps at 2.612%, and Fannie 3.5 MBS are up nearly a quarter point at 100-18 (100.56).

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.34	+0.29
MBS GNMA 6.0	100.33	+0.13
10 YR Treasury	4.6309	-0.0520
30 YR Treasury	4.7331	-0.0508

Pricing as of: 5/1 2:29PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.51%	+0.08	0.00
15 Yr. Fixed	6.90%	+0.05	0.00
30 Yr. FHA	6.99%	+0.07	0.00
30 Yr. Jumbo	7.67%	+0.04	0.00
5/1 ARM	7.55%	+0.05	0.00

Freddie Mac

30 Yr. Fixed	7.17%	-0.27	0.00
15 Yr. Fixed	6.44%	-0.32	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 4/30



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Responsive service, experienced expertise

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