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MBS Mid-Day: Bonds Battle Back to Modest Weakness

The overnight hours were unkind to Treasuries, and paradoxically so. Although European yields did begin the day moderately higher, they quickly fell into positive territory. Thus began the paradoxes. European yields had **no overt reasons** to be falling. Greek yields were rallying (typically an inverse relationship to core European yields) and economic data was almost universally stronger than expected (typically pushes yields higher).

During that time, Treasuries were far less willing to follow German yields lower. 10yr yields bounced at 2.362 when the European rally had run its course and everything moved back in the other direction as the US trading session approached. By the open, 10's were another 3bps higher. US MBS don't trade overnight, so their opening levels quickly adjust to the current market realities. In today's case that was good for an **eighth of a point** of weakness in Fannie 3.5s.

As the domestic session continued, so did the weakness. It was led by Treasuries as opposed to Europe. In fact, Treasuries **consistently** weakened vs German Bunds throughout the European session. A few big corporate debt deals as well as hawkish comments from Fed's Powell added to this underperformance.

Things changed at the 9:30am NYSE open. Traders with short positions in Treasuries (betting on higher rates) booked their profits in order to free up cash for the stock session. Stronger New Home Sales data was a non-event as the 'short-covering' rally commenced in bonds. But the overnight resistance levels just over 2.36% came back to put a stop to the rally. We've been drifting **slightly higher** in yield (or lower in terms of MBS prices) ever since.

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MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.71	+0.01
10 YR Treasury	5.1266	-0.0076
30 YR Treasury	5.4731	-0.0027

Pricing as of: 11/16 7:21PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

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Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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