

MBS & TREASURY MARKETS

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ALERT: Weakest Levels. Some Negative Reprice Risk

Modest improvement after the 5yr auction has given way to modest weakness and MBS are now at the lows of the day down 7 ticks (.22) in 5.5 coupons and 5 ticks (.16) in 6.0 coupons.

While these are the weakest levels, they are just barely an eighth of a point below the very highest possible prices in play during lenders rate sheet print times. As such, only the jumpiest lenders might be considering negative reprices at this point.

The best way to use this alert would be as a cue to lock if you were already planning on locking today. Otherwise, this movement doesn't have much bearing on the bigger picture.



MONEYHOUSE

Chris Munson

SVP and Managing Director
US Sales and Operations,
The Money House

P: (678) 459-2252

M: (704) 957-5053

8751 Commodity Circle Ste 17
Orlando FL 32819

