

MBS & TREASURY MARKETS

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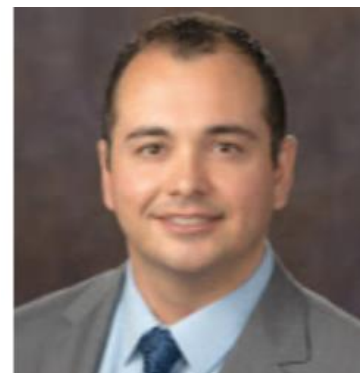
ALERT: Weakest Levels After 20yr Bond Auction

- 20yr Treasury Auction
 - 5.047 vs 5.035 forecast/WI
 - Bid to cover 2.46 vs 2.47 avg

Note for those who dig into auction stats, the 2.47x avg BTC (bid to cover) is the avg of the last 6 REFUNDING auctions (like today's). Reopening auctions definitely garner higher BTCs. As such the auction would be perceived as weaker among those who miss this detail.

Either way, bonds moved to their weakest levels of the day with 5.5 UMBS down just over 3/8ths in total and almost a quarter point from the AM highs. Negative reprices are possible.

10yr yields are up 9bps at 4.577



John Knowles

Mortgage Banker & Broker,
DCI Mortgage

www.dci mortgage.com

P: (408) 657-3780

M: (408) 657-3780

4100 Moorpark Ave ste 122
San Jose California 95117
257332