

UPDATE: Some Support and Some Reprice Risk (It's Weird)

We're sending this out as an "update" as opposed to an alert to acknowledge the supportive trading seen in the past hour. In other words, it looks like bonds may have found their footing for now.

But this morning has a weird trading pattern which has basically been a freefall in bond prices from the outset. Typically, such freefalls are mostly over by the time lender rate sheets come out. This one, however, was still in progress.

That means that lender pricing strategies had to be more forward looking if they'd hoped to account for the continuation of the selling. We think a good portion of them have succeeded, but a few clearly haven't. In other words, even though a lender's rates are higher this morning, if the initial rate sheet isn't weak enough, there's still some risk of a negative repricer.

On the other hand, lenders who were especially defensive (i.e. they raise rates a lot) will be in a position to consider positive repricers if bonds recover a bit more ground.

In nuts and bolts terms, 5.0 MBS are down 5/8ths and 5.5 MBS are down half a point. In both cases, more than a an eighth of a point of that weakness has arrived since 10am.



Jeffrey Chalmers

Senior Loan Officer,
Movement Mortgage
Licensed: CA, FL, MA, ME,
NH, VT

ClicknFinance.com

P: (877) 562-6811

M: (774) 291-6527

jeffrey.chalmers@movement.com

99 Rosewood Dr, Suite 270
Danvers MA 01923

NMLS#76803

NMLS#39179



Lisa Biggar,
REALTOR®

Buyer & Listing Expert,
LAER Realty Partners

www.LisaBiggar.com

P: (508) 520-1600

M: (978) 578-0023

Lisa@LisaBiggar.com

40 Park St, Suite 9
Attleboro MA 02703

MA License #9061998

RI License #RES.0047220

