

Morgan Strause

Market Update - Week of 07/06/2010 – 07/09/2010

This week there are six economic reports scheduled to be released.

Tuesday's bond market has opened up slightly even after some sizable improvement in the stock market. The stock markets are starting the week the week off with a post-holiday rally that has the Dow up more than 100 points and the Nasdaq up more than 25 points. The bond market is currently up 3/32, which should keep this morning's mortgage rates at Friday's levels.

The Institute for Supply Management (ISM) reported late this morning that their service sector index fell to 53.8 last month, down from 55.4 in May. Analysts were expecting to see a reading of 55.0, meaning that more surveyed businesses in the service sector felt business worsened during the month than last month. This is basically good news for the bond market and mortgage rates, but it was not enough of a variance from forecasts to have an impact on this morning's mortgage pricing.

The rest of the week is extremely light in terms of relevant economic reports or events that may affect mortgage rates. The only other economic data worth mentioning is Thursday's weekly unemployment figures from the Labor Department. This release usually has little influence on bond trading or mortgage rates, but with a lack of important data scheduled for release this week it may draw more attention than usual. Analysts are expecting to see that approximately 460,000 new claims for benefits were filed last week. The higher the total of new claims, the better the news for bonds and mortgage rates.

Overall, it is expected to be a fairly quiet week in mortgage rates, especially if comparing to recent weeks. It is very difficult to label any particular day as the most important of the week with so little to influence trading. I suspect that the stock markets will be the biggest influence on trading and mortgage pricing, but if today's reaction is any indication of what to expect the next couple days, it will certainly be a quiet week for mortgage rates.

Market News – Snapshot

Mortgage

Mortgage	this week	last week
30yr Conf Ntl Avg	4.580	4.580
15yr Conf Ntl Avg	4.040	4.040

Weekly Indices

	this week	last week
6 Month CD	0.216	0.211
1 Year T-Bill	0.304	0.298
2 Year T-Note	0.633	0.617
3 Year T-Note	1.010	1.010
5 Year T-Note	1.802	1.816
10 Year T-Note	2.970	2.975
30 Year T-Bond	3.921	3.937

Monthly Indices

	this month	last month
11th Dist.	1.791	1.825
6 Month LIBOR	0.742	0.749
1 Month LIBOR	0.346	0.350
MTA Index	0.386	0.402

Other

Prime Rate	3.250
Fed. Funds Rate	0.250
Discount Rate	0.750
12 Month LIBOR	1.163

Week of July 06 - July 09

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior	Revised From
Jul 06	10:00	ISM Services	Jun	53.8	55.4	55.0	55.4	
Jul 07	10:30	Crude Inventories	07/03		NA	NA	-2.01M	
Jul 08	08:30	Continuing Claims	06/26		4600K	4600K	4616K	
Jul 08	08:30	Initial Claims	07/03		465K	460K	472K	
Jul 08	15:00	Consumer Credit	May		-\$2.5B	-\$3.0B	\$1.0B	
Jul 09	10:00	Wholesale Inventories	May		0.3%	0.4%	0.4%	