



Rich E. Blanchard

Managing Director, RICH Home Loans LLC

NMLS: 492461

1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900

Mobile: 303.328.7047

Fax: 214.975.2874

richblanchard@richhomeloans.com

[View My Website](#)

MBS Mid-Day: Persistently Weaker as Data Bows to Rate Hike

Yesterday's ISM data may have sparked some hope for a long-shot, come-from-behind, Cinderella story victory for a weak economy making an argument against a December rate hike. In simpler terms, on the off chance that the rest of this week's data was as bad as yesterday's, **maybe the Fed wouldn't hike** rates after all.

To be sure, that was a very long shot indeed. It would have required a **perfect storm** of lucky breaks for bond markets, including the worst week of economic data imaginable and a surprising absence of action in tomorrow morning's ECB announcement. Still, traders weren't overly eager to sell bonds until such a long shot could be ruled out.

This morning's **ADP data ruled it out**. Bonds have been in sell mode ever since. The pace hasn't been extreme, but it's sapped about half of yesterday's gains so far.

Yellen's speech hasn't done anything to alter the bigger picture. The Fed chief said that although the natural interest rate is likely lower than it was in the past, that holding rates too low for too long risks overshooting targets and creating instability. In other words, **the hike is on (still)**. After we see the ECB Announcement and NFP, there could be some course correction as far as trading levels are concerned, but it would take quite some doing for those events to damage the rate hike outlook.

Subscribe to my newsletter online at:

<http://housingnewsletters.com/richhomeloans>

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.09	+0.31
MBS GNMA 6.0	101.03	+0.29
10 YR Treasury	4.5138	-0.0657
30 YR Treasury	4.6711	-0.0579

Pricing as of: 5/3 5:04PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.28%	-0.09	0.00
15 Yr. Fixed	6.75%	-0.07	0.00
30 Yr. FHA	6.70%	-0.12	0.00
30 Yr. Jumbo	7.48%	-0.07	0.00
5/1 ARM	7.35%	-0.07	0.00
Freddie Mac			
30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/3

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

Rich E. Blanchard

