



## 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](mailto:richblanchard@richhomeloans.com)

[View My Website](#)

## The Day Ahead: Chance to Confirm Post-Fed Bounce

- Bond rally following yesterday's Fed brings trading levels right back to the top of the previous range
- holding ground today with modest gains would be great
- breaking back below 10yr yields of 1.80 would be better
- simply avoiding the early March precedent would be good

What is the "early March precedent?" March 1st marked the beginning of a sell-off that was **very similar** in shape, intensity, and technical significance to the sell-off that began on April 20th. Both sell-offs put in 4 more days of weakness after breaking above the 21-day moving average (middle line in the Bollinger Bands overlaid on the candlesticks in the following chart). Both sell-offs then encountered a strongly positive day. In early March, it was the 8th. In the current sell-off, it was yesterday's Fed day.



## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.38	<b>-0.17</b>
MBS GNMA 6.0	100.70	<b>-0.04</b>
10 YR Treasury	4.4208	<b>+0.0439</b>
30 YR Treasury	4.5606	<b>+0.0545</b>

Pricing as of: 5/17 1:35PM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.02%	<b>+0.03</b>	0.00
15 Yr. Fixed	6.53%	<b>+0.03</b>	0.00
30 Yr. FHA	6.55%	<b>+0.03</b>	0.00
30 Yr. Jumbo	7.31%	<b>+0.01</b>	0.00
5/1 ARM	7.24%	<b>+0.04</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	7.02%	<b>-0.42</b>	0.00
15 Yr. Fixed	6.28%	<b>-0.48</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.08%	<b>-0.10</b>	0.63
15 Yr. Fixed	6.61%	<b>+0.01</b>	0.65
30 Yr. FHA	6.89%	<b>-0.03</b>	0.94
30 Yr. Jumbo	7.22%	<b>-0.09</b>	0.58
5/1 ARM	6.56%	<b>-0.04</b>	0.66

Rates as of: 5/16

As the chart shows (and as you may well remember), the early March bounce was merely a 1-day **head-fake** before bonds resumed their weaker ways. This time around, avoiding a similar fate--even if it only means holding steady--would be a welcome result. If 10yr yields can manage to hold under 1.84, it would be even better. The best case scenario would be a break under 1.80, but that would require a fairly strong rally today, which could be a tall order after yesterday's strong move.

Key data is limited to GDP at 8:30am. This is the **first look at Q1 numbers** and the median forecast currently stands at 0.7.

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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.

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