



## 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: Yes, It's Serious. Suit up. Man Battle Stations, Etc.

Bond markets have recently **set records** when it comes to being flat and directionless. Technical studies that measure the presence and strength of any trend--higher or lower--show that we've been out all-time "trendless" levels until the past few days. Now, that may be changing.

In August, we **shifted** from following a 'sideways' range to instead follow a 'consolidative' range. The lines drawn along the highs and lows in bond markets were converging (as can be seen in today's chart, and in most any chart I've posted over the past month).

When we look at trendlines and pivot points, we use them as lines in the sand that let us know if the current state of trading momentum might be changing or if a longstanding barrier is being breached. In this endeavor, the classic approach is to consider a break of any given line to be "confirmed" if a subsequent trading day closes on the other side of the line. In other words, if bonds break a trendline on Monday, they'd **need to hold** that side of the line until the close on Tuesday before we'd consider the break to be confirmed.

Even then, this isn't an exact science. It's **always good** to mix in fundamental analysis with this technical measurement. For instance, just 2 days ago, we were in a position to consider a positive breakout of our consolidative range 'confirmed' because Wednesday had been the 2nd consecutive day closing below the consolidative range boundary. But I wasn't comfortable jumping to that conclusion without seeing what the ECB had to say.

Now that we've heard from the ECB, things are looking **very different**.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.55	<b>-0.25</b>
MBS GNMA 6.0	101.31	<b>-0.18</b>
10 YR Treasury	4.3686	<b>-0.0083</b>
30 YR Treasury	4.5112	<b>+0.0051</b>

Pricing as of: 5/17 12:57AM 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



Here again, the break of the upper range boundary has yet to be confirmed, but any time yields are trading at the highest levels in months at the same time as they've making a forceful break through an upper range boundary, it's serious. At the **very, VERY least**, it's the sort of thing that demands to be taken seriously **until/unless** things get visibly less serious within 48 market hours. So suit up and man the battle stations. This isn't a drill.

Subscribe to my newsletter online at: <http://housingnewsletters.com/richhomeloans>

## 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

