



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](#)

The Day Ahead: Bonds Follow Europe; Debate of Little Consequence

Heading into last night's presidential debate, there had been a small amount of **buzz among market participants** about the potential ifs and thens. The baseline assumption was that if Trump was perceived to have won the debate, it would be bad for stocks and potentially good for bonds due to the increased uncertainty associated with a non-establishment candidate.

Conversely then, stocks should gain and bonds should lose if Clinton did better.

I can't speak for media outlets, but most of the campfires in the analytical community gave the nod to Clinton. Right on cue, equities markets surged in overnight trading. Bonds, however, **didn't stick to the script**. Instead, they waited for European markets to get going before making any big moves. In fact, even stocks would eventually change course to follow European markets.

"European markets as guidance giver for US bond markets" is a fairly consistent theme, both recently and over time. In the following chart, you can see how Treasuries were doing their best to fulfill the fantasies of all the fund managers and op-ed columnists **calling for rising rates** in September when European yields started saying "**not so fast...**" Treasuries have increasingly caved in to the European pressure. The lower pane of the chart zooms in on the overnight movement and adds stocks to the mix.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.81	+0.35
MBS GNMA 6.0	100.76	+0.28
10 YR Treasury	4.5749	-0.0596
30 YR Treasury	4.7212	-0.0302

Pricing as of: 5/2 1:50PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.42%	+0.01	0.00
15 Yr. Fixed	6.85%	+0.01	0.00
30 Yr. FHA	6.88%	0.00	0.00
30 Yr. Jumbo	7.60%	0.00	0.00
5/1 ARM	7.48%	-0.02	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: 5/2



As we discussed yesterday, this puts bonds smack dab back in the center of the dominant post-Brexit range. The early morning strength is notable in advance of the Treasury auction supply coming up over the next 2 days. The biggest risk at the moment is that month/quarter-end trading are giving bonds an artificial boost that will wear-off as October begins. That said, we've seen Octobers go big in either direction. **This could still be anyone's game.**

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

