



## 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](#)

## ALERT: Bonds Weaker After Data and Yellen Remarks

Despite making decent gains overnight, bonds are on the run, **heading into weaker territory** following a slew of economic data and prepared remarks from Yellen's upcoming speech at 10am.

Yellen didn't say anything too surprising, given the tone of the average Fed speaker over the past few weeks. The **most representative** wires were probably:

RTRS-FED CHAIR YELLEN SAYS FOMC JUDGED AT NOVEMBER MEETING A RATE INCREASE COULD WELL BECOME APPROPRIATE RELATIVELY SOON

and

RTRS- YELLEN SAYS DECISION TO HOLD RATES STEADY AT LAST FOMC DID NOT REFLECT LACK OF CONFIDENCE IN ECONOMY, BUT A JUDGEMENT JOB MARKET HAD MORE ROOM TO GROW THAN FED EXPECTED EARLIER IN YEAR

The latter is a fairly **odd comment**, considering the relentless stability and expansion in job creation. One has to wonder exactly how much labor market strength the Fed wants to see, and whether or not this leaves any of the onus on the next Jobs report to confirm a rate hike. I think markets responded to this weirdness with a brief positive reaction at first, but subsequently agreed that the balance of the speech was **generally indicating a December rate hike**.

Then along comes **econ data**:

- CPI +0.1 vs +0.2 forecast
- Core CPI y/y +2.1 vs +2.2 forecast
- Housing Starts 1.323 vs 1.156m forecast
- Permits 1.229 vs 1.198 forecast
- Jobless Claims 235k vs 257k forecast
- Philly Fed +7.6 vs +8.0 forecast

Nothing stands out **except the housing data**. So we have several reports that "do no harm," and one report that is economically bullish. At this point in the Fed's policy cycle, they'd be looking for big enough negative surprises to dissuade a Dec rate hike and there's nothing here that accomplishes that.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.53	<b>+0.16</b>
MBS GNMA 6.0	100.56	<b>+0.21</b>
10 YR Treasury	4.6218	<b>-0.0427</b>
30 YR Treasury	4.7477	<b>-0.0262</b>

Pricing as of: 4/29 1:55PM EST

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			

30 Yr. Fixed	7.43%	<b>-0.02</b>	0.00
15 Yr. Fixed	6.85%	<b>-0.01</b>	0.00
30 Yr. FHA	6.92%	<b>-0.03</b>	0.00
30 Yr. Jumbo	7.63%	<b>-0.01</b>	0.00
5/1 ARM	7.50%	<b>0.00</b>	0.00

### Freddie Mac

30 Yr. Fixed	7.17%	<b>-0.27</b>	0.00
15 Yr. Fixed	6.44%	<b>-0.32</b>	0.00

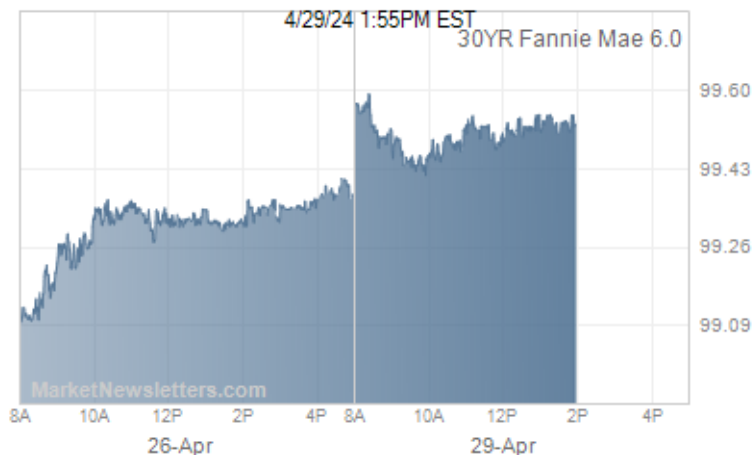
### Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	<b>+0.11</b>	0.66
15 Yr. Fixed	6.75%	<b>+0.11</b>	0.64
30 Yr. FHA	7.01%	<b>+0.11</b>	0.94
30 Yr. Jumbo	7.45%	<b>+0.05</b>	0.56
5/1 ARM	6.64%	<b>+0.12</b>	0.87

Rates as of: 4/29

Bonds moved nominally weaker after the data, but the losses have been relatively contained so far, with Fannie 3.5s down 2 ticks after being up an eighth of a point early. 10yr yields are 3.7bps higher on the day, but are under more pressure as they're coping with a hefty [corporate bond announcement](#) (\$15 bln from Abbot Labs) from earlier this morning.

Perhaps most notable is another failed attempt on the part of 10yr yields to break into/below the 2.16-2.18 zone, meaning we continue to confirm a 'new normal' for rates.



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**

