



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 Recap: Bonds Win Despite Healthy Opposition. Time to Celebrate?

How many ways could bond market **weakness** have been justified today?
Shall I count the ways?

1. GDP +3.2 vs +3.0 forecast and +2.9 previously
2. Business Inventories only added 0.49% to the GDP total (a higher amount could serve as a counterpoint to the strong GDP reading.
3. Consumer Confidence +107.1 vs +101.2 (a big beat).
4. Other components of Confidence numbers were strong
5. Stocks, European bond markets, and the prevailing trend all argued for weakness
6. Corporate bond issuance has ramped up (adds pressure to Treasuries for [these reasons](#)).
7. Yesterday was good, and are we even allowed to have 2 good days in a row anymore?!

That laundry list of **negative** justification had to face off against a seemingly inferior team of **positive** anecdotes.

1. Investors are fretting over tomorrow's OPEC meeting and oil prices were under some pressure today.
2. 10yr yields managed to avoid breaking the 2.35% technical ceiling this morning.
3. traders had a bit of extra motivation for month-end bond buying

Of that list of positives, it was really the **month-end buying** that did the heavy lifting. To offer a gross oversimplification, it's been very fashionable to sell bonds in November. Selling has been aggressive enough that some traders found themselves a bit understocked on the bonds they're required to be holding by the end of business tomorrow.

There wasn't much sense in buying aggressively while yields were drifting higher this morning. Primary dealers were also compelled to bid at a Treasury Bill auction at 11:30am. But shortly thereafter, the jig was up and a modest frenzy of month-end buying brought bond markets **back into positive territory** on the day.

Subscribe to my newsletter online at:

<http://housingnewsletters.com/richhomeloans>

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.40	-0.15
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.4223	+0.0454
30 YR Treasury	4.5610	+0.0549

Pricing as of: 5/17 5:59PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

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

