



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 Hint at an Ominous Floor as Sell-Off Intensifies

If you read anything I write today, make it [The Day Ahead: The Death of a Long Term Trend; A Definitive Assessment](#).

If you want to read more, here's a recap of today's action.

This wasn't the typical "day-after-Fed" trading day for US bond markets, nor was it a typical mid-december day. In December 2015, Fed day (when they last hiked) saw just over 1 million Treasury futures contracts and slightly less the following day. This time around, Fed day saw over 1.7 million contracts and today's sell-off saw volume swell to **over 2 million** contracts. The volume spike adds gravity to the situation.

Data was ignored. Stable CPI and a balmy Philly Fed report **would have** made for weakness on an average day. But bonds were already at the day's weakest levels heading into the data. 10yr yields were **as high as 2.641** and then eased into a slightly lower range following the data.

The **troubling thing** about that new range was the fact that yields made several attempts to break below yesterday's highs and failed each time. This establishes a clear case for a new technical target (or "floor" or "resistance") of 2.565.

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



Fannie 3.5s were more than a half point weaker at times, but finished the day down 13 ticks at 101-02. Reprices were far less prevalent than yesterday. This is logical, considering there wasn't really any instance of precipitous selling. But it was also made possible by the fact that **lenders pulled pricing back AGGRESSIVELY** right out of the gate. Most lenders were an eighth of a point higher (in RATE) on the average conventional deal.

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

