



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: After Exiting Friendly Trend, Bonds Wait on Tax Plan for Next Cue

The order of the day and week for domestic bond markets has been and will continue to be the break out from the recently friendly trend toward lower rates that began in mid-March. We've been eyeing this breakout since last Friday when a combination of French election polls and Trump's tax plan pre-announcement caused an intraday break above the yellow lines in the following chart.

Deceptively, Friday saw yields move back inside the trend by the close, giving the impression that the breakout was not a done deal. After the election results came out, it became clear that we'd be looking at **another challenge** of the trend. Monday and Tuesday add up to a definitive break as well as a definitive shift in short-term momentum.

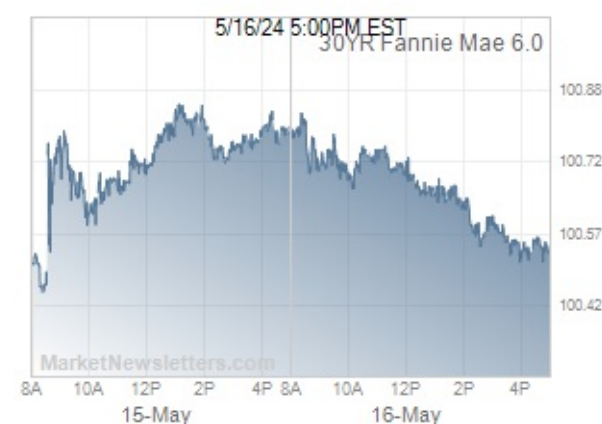


Today's big to-do is the tax reform announcement that Trump referenced last Friday as the "biggest tax cut in history." Considering that tax reform is one of the primary reasons for the post-election stock rally and bond sell-off, it's no surprise that markets are incredibly interested to get this info. Quite a few pundits have already pointed out that the administration is **not expected to go into great detail** on the plan, and instead offer bullet points on key

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.55	-0.25
MBS GNMA 6.0	101.31	-0.18
10 YR Treasury	4.3177	-0.0228
30 YR Treasury	4.5131	+0.0070

Pricing as of: 5/16 11:20PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.02%	+0.03	0.00
15 Yr. Fixed	6.53%	+0.03	0.00
30 Yr. FHA	6.55%	+0.03	0.00
30 Yr. Jumbo	7.31%	+0.01	0.00
5/1 ARM	7.24%	+0.04	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: 5/16

provisions.

There is no set time for the announcement, but it's more likely to be later in the day vs earlier. As such, we don't know how much of a market mover it might be for today's trading session. Either way, it is the focal point for bonds and the broader decision to enter (or not reenter) the narrow, flat trading range that dominated the past 5 months (before the breakout in mid-April).

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

