



## 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

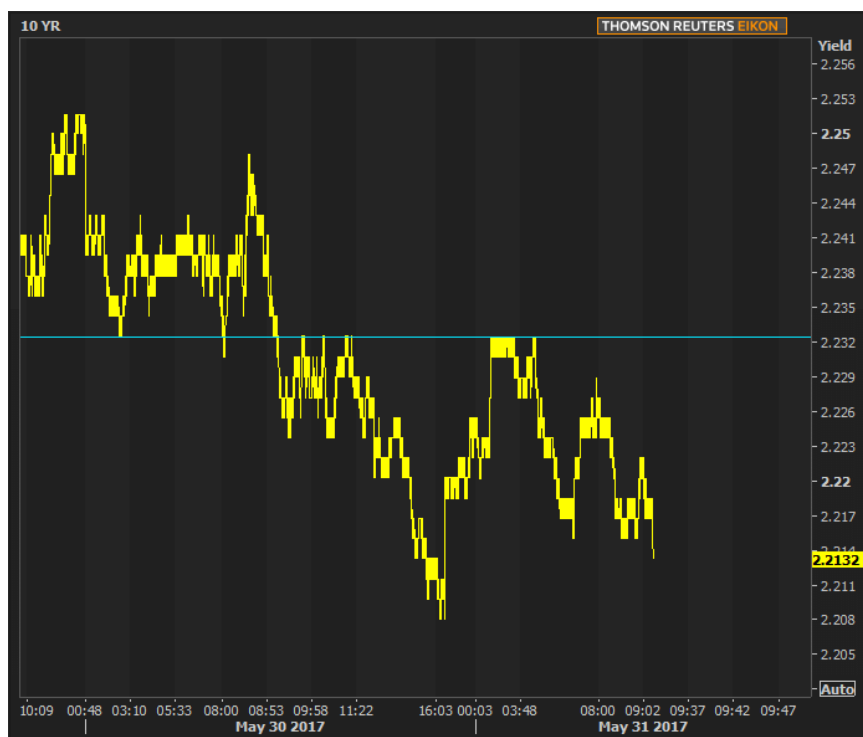
Fax: 214.975.2874

[richblanchard@richhomeloans.com](mailto:richblanchard@richhomeloans.com)

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## UPDATE: Slightly Weaker Overnight, But Already Bouncing Back a Bit

Bond markets were slightly weaker in the overnight session, though it's perhaps more accurate to refer to the trend as "sideways near recent lows yields." In fact, 10yr yields had a **decent bounce** that occurred right in line with yesterday afternoon's supportive ceiling. It's highlighted in the chart below, and it gives us something to watch as the day progresses.



In the bigger picture, bonds continue to look just as willing to test their best recent levels as stocks, though a bigger move higher in stocks could still **pose a risk to bonds**. We'd define such a move by a marked break above the plateau in S&P futures seen in the following chart:

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.55	<b>-0.25</b>
MBS GNMA 6.0	101.31	<b>-0.18</b>
10 YR Treasury	4.3701	<b>-0.0068</b>
30 YR Treasury	4.5141	<b>+0.0080</b>

Pricing as of: 5/17 12:02AM EST

## Average Mortgage Rates

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

30 Yr. Fixed	7.02%	<b>+0.03</b>	0.00
15 Yr. Fixed	6.53%	<b>+0.03</b>	0.00
30 Yr. FHA	6.55%	<b>+0.03</b>	0.00
30 Yr. Jumbo	7.31%	<b>+0.01</b>	0.00
5/1 ARM	7.24%	<b>+0.04</b>	0.00

### Freddie Mac

30 Yr. Fixed	7.02%	<b>-0.42</b>	0.00
15 Yr. Fixed	6.28%	<b>-0.48</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.08%	<b>-0.10</b>	0.63
15 Yr. Fixed	6.61%	<b>+0.01</b>	0.65
30 Yr. FHA	6.89%	<b>-0.03</b>	0.94
30 Yr. Jumbo	7.22%	<b>-0.09</b>	0.58
5/1 ARM	6.56%	<b>-0.04</b>	0.66

Rates as of: 5/16



The day's first significant data is coming up presently in the form of Chicago PMI, expected at 57.0. As always, a big beat/miss can be inferred from market movement at 9:42am (because some traders pay for early access). In today's case, we're not seeing any major reaction, thus suggesting no massive beat or miss. If we had to guess, we'd have a better chance of being right if we expected a **slight "beat."** (i.e. bonds have improved a bit since 9:42am).



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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**

