

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: Who is Haruhiko Kuroda? And Why He's Your Friend Today

Perhaps you're already well aware that Haruhiko Kuroda is the head of the **Bank of Japan (BOJ)**, and a Ben Bernanke of sorts when it comes to bringing an aggressive, avant garde stance to Japan's monetary policy, especially with respect to crisis response and quantitative easing.

Last week markets read a lot into the fact that the BOJ didn't buy as many bonds as it had in the previous buying operation. It was a reduction of \$88mIn (10 billion yen)--a very small amount in the big picture of central bank bond buying, but to some, a sign that Japan was thinking about **shifting gears** on its policy stance.

Overnight, Kuroda put that speculation to rest, saying it's **not time** to even discuss an exit from stimulus programs with inflation still nowhere close to 2%.

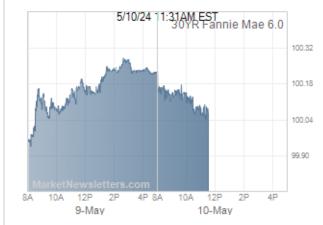
While the announcement caused obvious volatility in Japanese markets, the US response was more measured. Bonds were already in somewhat stronger territory after the BOJ's official policy announcement at 10:15pm ET. When Kuroda's press conference began at 1:30am ET, the bulk of the overnight gains flooded in over the next hour. Still, it's important to note that the buying didn't occur in one big spike. This suggests some level of **measured decision-making** behind the rally as opposed to a pure reaction mechanism.

Underlying motivations aside, bonds have some serious ground to cover if they hope to convince analysts and traders that a broader shift in momentum is possible. The overnight rally has the potential to serve as the start of that process, but **equal potential** to stand as another periodic correction to the broader trend toward higher rates. If we're to entertain something better than that, we'd need to see one of the pivot points convincingly broken in today's chart.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.07	-0.21
MBS GNMA 6.0	100.89	-0.26
10 YR Treasury	4.4973	+0.0412
30 YR Treasury	4.6444	+0.0359

Pricing as of: 5/10 11:32AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News	Daily		
30 Yr. Fixed	7.15%	-0.05	0.00
15 Yr. Fixed	6.63%	-0.03	0.00
30 Yr. FHA	6.61%	-0.03	0.00
30 Yr. Jumbo	7.39%	-0.02	0.00
5/1 ARM	7.34%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	7.09%	-0.35	0.00
15 Yr. Fixed	6.38%	-0.38	0.00
Mortgage Banke	rs Assoc.		
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87
Rates as of: 5/9			

© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.



There is no significant economic data on tap today. While this week's Treasury auction cycle is somewhat more important than normal, today's 2yr auction is the least important among them. That said, whereas I would typically **not** be interested in a 2yr auction at all, today's is at least worth a look because of the recent curve trading landscape. In other words, much of the momentum in bonds has been driven by bets on the spread between longer and shorter term rates. If the 2yr auction provides a strong comment on shorter term rates, it could affect the longer end (i.e. the **stuff we care about**) more than normal. We're not talking about anything massive here, but perhaps enough to see a response.

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

