



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 Push Trend Boundary With Help From Trade Headlines

There were **2 sorts of trade headlines** in play today, but before we get to those, I wrote something today that bears repeating.

"The trade deal, in and of itself, will not dictate the direction of markets in the big-picture over the longer run, but it **WILL** definitely deliver plenty of volatility inside a fairly wide range as market participants continue trying to figure out if the economy is slowing down, pausing, or preparing to speed back up."

All that to say that neither of the following developments were game changers by any means, but still perfectly entitled to move the market.

The **first** hit right out of the gate in the overnight session in response to the Senate passing a bill supporting the rights of Hong Kong protesters. Technically, the bill suggested an annual review of the special treatment received by Hong Kong in light of the ongoing protests, but it impacted markets solely because it ran the risk of escalating tensions between the US and mainland China during the trade negotiation process.

Bonds consequently made solid gains in the overnight session before fizzling sideways for most of the domestic session. Then, just after 1pm, **another headline** hit suggesting the trade deal talks were getting more complicated and that negotiations could easily persist into the new year. Markets reacted as we'd expect, with stocks and bond yields falling in concert.

Despite the rally, 10yr yields respected the technical floor at 1.74%--a potential early warning sign that the most recent rally (past week and a half) is reaching a natural stopping point.

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.09	+0.31
MBS GNMA 6.0	101.03	+0.29
10 YR Treasury	4.5138	-0.0657
30 YR Treasury	4.6711	-0.0579

Pricing as of: 5/3 5:04PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.28%	-0.09	0.00
15 Yr. Fixed	6.75%	-0.07	0.00
30 Yr. FHA	6.70%	-0.12	0.00
30 Yr. Jumbo	7.48%	-0.07	0.00
5/1 ARM	7.35%	-0.07	0.00
Freddie Mac			
30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00
Mortgage Bankers 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: 5/3

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