



BRETON MACDONALD

Mortgage Banker/Broker/Branch Manager, Geneva Financial LLC

174698

3155 S. Price Road, Suite 105 Chandler, Arizona 85248

Office: 949-887-7289

Mobile: 949-887-7289

bmacdonald@genevafi.com

[View My Website](#)

The Week Ahead: Are Bonds Invincible Until Further Notice?

- Global yields begin week at new all-time lows
- Underlying reasons haven't changed
- What ends this?

If you only look at the US as a representative of global financial markets, you might not see just how bond-friendly the current environment has been. Sure, 10yr yields hit **new all-time lows** before the open of domestic trading this week, but that's really about the most conservative thing that's going on right now for global bond markets.

Why is an all-time low of 1.377% on 10yr Treasuries conservative? **Simply put: context.**

If we expand our view to include major bond markets around the world, we quickly find that **1.377% on a 10yr yield is nothing.** The global arms race that's taken place in the wake of the financial crisis isn't about military power, but rather, who can get their currency low enough to keep their economy afloat through the next recession (and who can get their rates low enough to grease the skids for ongoing government borrowing).

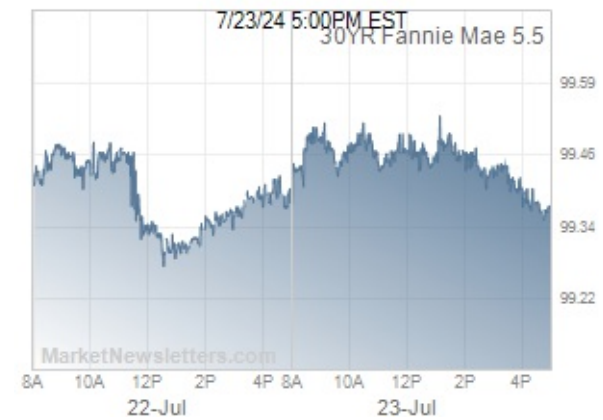


If you're Germany or Japan, why wouldn't you borrow as much as you could? After all, **you're getting paid to do it.**

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.39	0.00
MBS GNMA 5.5	99.75	-0.03
10 YR Treasury	4.2554	+0.0039
30 YR Treasury	4.4861	+0.0010

Pricing as of: 7/23 8:57PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

All of the above makes the high 1.3's in US 10yr yields look a bit boring. After all, if Japan and Germany treated 0.00% as just another yield on the way even lower, what's to stop US 10yr yields from treating the high 1.3's the same way? That, indeed, is the question.

The answer is "not much." In fact, I think it's almost 100% likely that rates in the US will eventually be much lower. The only uncertainty is timing. Will we continue pressing well into all-time lows this year or are we due a breather? Great question! I wish I knew the answer--as do traders. Most of them have already made bets on rates bouncing in recent weeks and they've since been **forced to buy** more bonds as their stop-loss levels have been hit.

Can this week's NFP impact this bigger picture? I do think NFP is more important than it has been in light of last month's super weak result. That said, the UK would have to have remained in the EU in order for this week's NFP to have a truly massive impact. As it stands, the Fed is not at all likely to hike rates in 2016--let alone in July. This week's NFP would be **very hard-pressed to change** that. In order to get July rate hike dialogue started, this would need to be one of those reports that crushes the forecast and that revises the previous 2 reports significantly higher. If it happens to be weaker, however, that could certainly encourage US rates to take another step toward becoming more like their global counterparts.

Subscribe to my newsletter online at: <http://housingnewsletters.com/breton>

FIX Your Rate, Cash Out, Purchase, Reverse. Text or Call 949-887-7289

Breton is a Branch Manager & Sr Loan Officer at the top of his field for over 15 years. Transparency & treating people like family is how he has built a solid network of referral & repeat business over the years. Candor and expertise is how he communicates & consistently closes on time getting the best loan possible. With Geneva Financials' wide array of products & its seamless, straightforward process he will be able to find you the best mortgage structured the right way. With a positive attitude, Breton is consummate pro who is honest, upfront & shoots it to you straight. 949-887-7289

Proudly Licensed in: AZ, CA, CO, CT, DC, DE, GA, ID, HI, IN, KS, LA, MA, MD, MI, MN, ND, NH, NJ, NV, NY, OR, PA, VA, WA. Also Licensed as a Mortgage Broker BRE 02046074

BRETON MACDONALD

