



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](#)

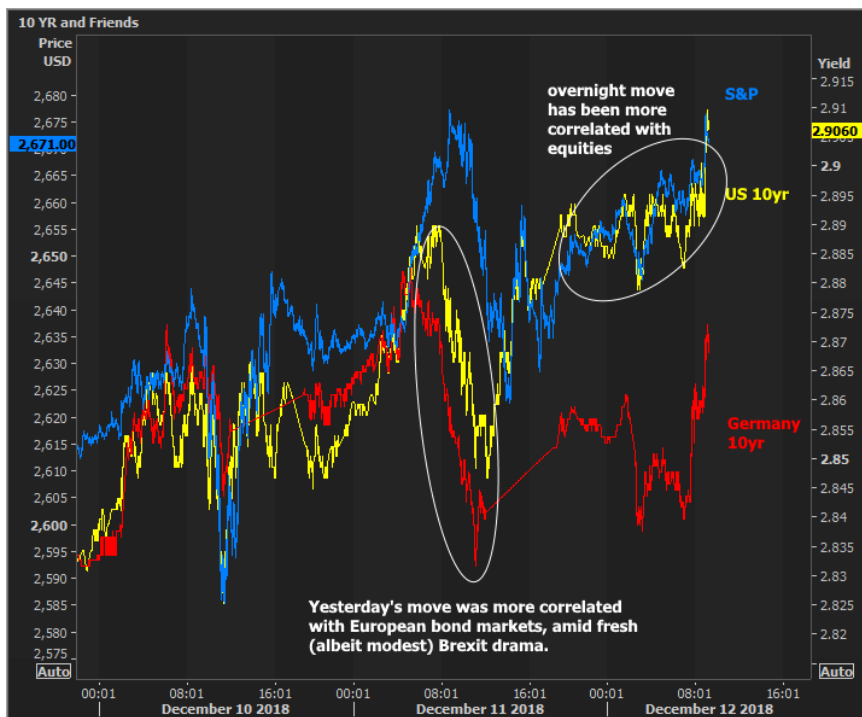
A Message from BRETON MACDONALD:

"Beware of the Bounce."

The Day Ahead: Bonds Have Lots on Their Mind, But Beware The Bounce

As we begin the third day of moderate weakness in bond markets, it's safe to say that we're looking at the correction and/or consolidation that we expected to see as of the end of last week. Bonds **wouldn't** have needed any other reason apart from the preceding rally to bounce. But as that process unfolds, it's been complicated by other competing stimuli.

These include but are not limited to Brexit-related drama, trade war news, the stock lever (stock prices and bond yields moving together), the Treasury auction cycle, and year-end trading position housekeeping. Depending on when you look, you might see one of these factors having **more of an influence** than another. For example, yesterday saw US bonds take more guidance from Europe while today has seen more of a stock lever effect so far.



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.44	+0.05
MBS GNMA 5.5	99.86	+0.08
10 YR Treasury	4.2306	-0.0219
30 YR Treasury	4.4552	-0.0173

Pricing as of: 7/23 11:07AM EST

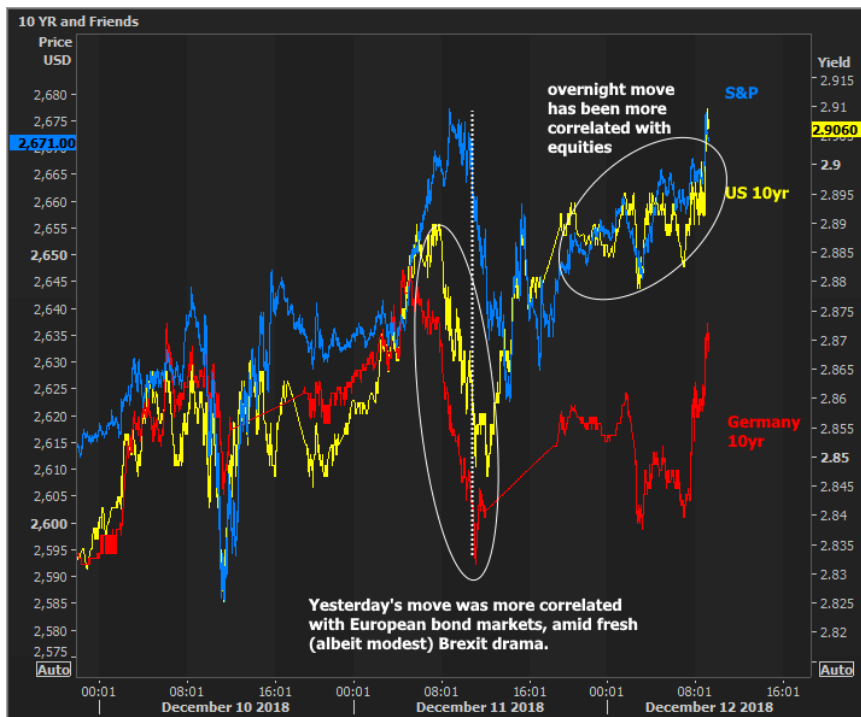


Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	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: 7/22

It's hard to see in the chart above due to the way things are scaled, but yesterday's stock losses began WELL after European bonds began to pull Treasuries lower in yield. In fact, Why don't I just drop a vertical line into the chart to show that most of the bond rally had **already** happened by the time stocks began to sell.



All of that microanalysis may be beside the point, however. If we zoom out just a little bit, we can see that--although there are indeed pockets of varying correlation--the bigger picture actually shows everything moving together, for the most part. The **other** takeaway is that core bond markets (like US and Europe) tend to remain more correlated than bonds and stocks.



Back to the purely technical standpoint now (from the first paragraph, where we discussed bonds not needing any reason to bounce apart from the strength of the recent rally). There's **no question** that some sort of bounce is underway. The theme of our conversations so far this week has been to hope that the bounce is simple the first phase of a **CONSOLIDATION** rather than a correction. Even though next week's Fed announcement is ostensibly the next big mover, we need to stay vigilant. Any further weakness will begin confirming the technical warning sign we've been discussing for more than a week (potential breakout highlighted with "danger!" below).



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

