



Mike Baker

Head Interest Rate Shopper, The Rate Shop
 Individual NMLS: 259076 Company NMLS: 2554765 State
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335
 Mobile: 913-213-3335
mike@rateshopkc.com
[View My Website](#)

The Day Ahead: No Data, and Maybe Even No Drama

Bond markets have been surprisingly calm this week, given what's at stake. 3 weeks ago, we were faced with the new prospect of the European Central Bank potentially lifting its foot off the accelerator of quantitative easing, the new prospect of Japan changing up its stimulus framework, and the prospect of the Fed finally having a green light to hike rates (the true green light comes not from the economy, but rather from other central banks looking less aggressive in their easing efforts, though the Fed won't directly admit this).

While it is true that the past few days have shaken things up in a good way for bond markets, they haven't been enough to fundamentally alter our relationship to recent trends. That have taken the first step in that regard, but not a big enough step to "confirm" a shift in a [technical sense](#).

Let's take a look at a chart with 3 identical plots of 10yr Treasuries and 3 separate ways to draw trendlines. The first two sets of trendlines treat the recent ECB-related breakout as just that--a breakout of the converging trends. In other words, the first 2 sections examine "how we're doing" with respect to trends that existed before the recent volatility picked up. The final set of trendlines accounts for that volatility and thus gives us the broadest sense of direction (which is, unfortunately, unfriendly).



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.12	-0.05
MBS GNMA 6.0	100.23	-0.10
10 YR Treasury	4.4430	+0.0450
30 YR Treasury	4.6010	+0.0370

Pricing as of: 7/1 8:51AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28



Also unfriendly are the two other lines on the charts (blue-ish and yellow-ish?) which are the 25 day and 100 day moving averages. I say "unfriendly," but in truth, I don't really view moving averages as being predictive. They merely let us know how things are going and serve as a line in the sand for change. Ever since early July, we've had a tough time breaking through that 25-day moving average. It will eventually break, and when it does, that would be yet another confirmation of the potential shift mentioned in the top 2 sections of the chart.

As for today, specifically, there are no significant events. Arguably, several Fed speakers in the middle of the day could say something that helps further refine the takeaway from Wednesday's Fed meeting, but it seems that markets have already sated themselves in that regard (in other words, there was a noticeable trading response that has since died down).

Loathe though I am to bring politics into my analysis, I will at least go so far as to say some people who trade bonds might care about Monday's debate (there's a debate on Monday, right? Seriously, I actively try to avoid politics). That, in conjunction with the fact that next week is month/quarter-end could serve to limit volatility heading into the weekend.

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

Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

Mike Baker

