



## 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](mailto:richblanchard@richhomeloans.com)

[View My Website](#)

## MBS Recap: Fairly Big Selling, But Irrelevant to Bigger Picture

- Super light volume and participation
- Data was overlooked (on-target GDP and weaker Existing Sales)
- Oil and European yields pushed US rates a bit higher
- US rates keep returning to narrow range centered on 2.22% 10yr yields
- Today's weakness simply corrects 2 days spent in stronger territory

GDP was in line with the median forecast and the Existing Home Sales report was **significantly weaker** than forecast. On balance, that suggests bond market strength, but bonds sold off today. So right off the bat, we know we don't need to talk about market movement in the context of the data.

From there, let's just skip to the conclusion: there really **IS NO CONCLUSION** to be drawn from market movement when trading is as light as it was today (one of the 5 lightest days of the year, **INCLUDING** half days).

In the bigger picture, it looks as if the consolidation pattern is set for the end of the year and was potentially set **more than a month ago**. That's when the monthly moving average (center line in the chart) began to level-off around 2.22% in 10yr yields. It hasn't moved much from there and today's bounce could easily be seen as a simple regression to that average after 2 days spent in stronger territory).



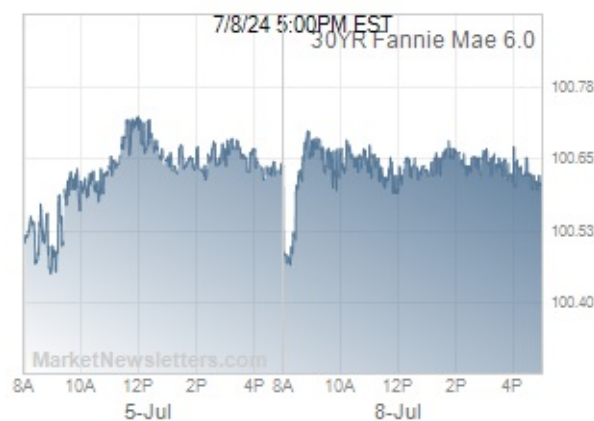
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## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	<b>0.00</b>
MBS GNMA 6.0	100.72	<b>-0.02</b>
10 YR Treasury	4.2798	<b>-0.0020</b>
30 YR Treasury	4.4558	<b>-0.0299</b>

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



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.01%	<b>-0.02</b>	0.00
15 Yr. Fixed	6.41%	<b>-0.03</b>	0.00
30 Yr. FHA	6.48%	<b>-0.02</b>	0.00
30 Yr. Jumbo	7.22%	<b>-0.02</b>	0.00
5/1 ARM	7.03%	<b>-0.02</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	<b>+0.09</b>	0.00
15 Yr. Fixed	6.25%	<b>+0.09</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.03%	<b>+0.09</b>	0.62
15 Yr. Fixed	6.56%	<b>+0.09</b>	0.54
30 Yr. FHA	6.90%	<b>+0.11</b>	0.95
30 Yr. Jumbo	7.11%	<b>-0.01</b>	0.50
5/1 ARM	6.38%	<b>+0.11</b>	0.54

Rates as of: 7/8

## 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**

