



**Rich E. Blanchard**

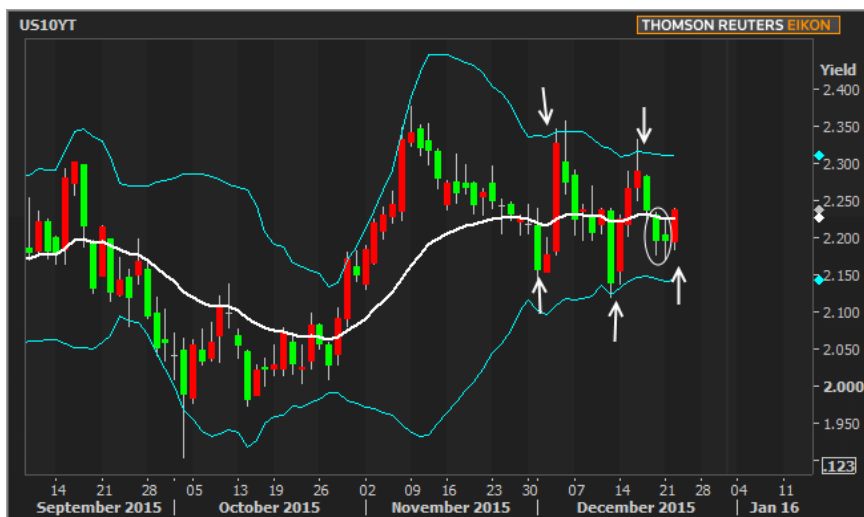
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## The Day Ahead: Bond Markets Likely to Remain Tuned Out

It's no mystery that bond markets have been **remarkably flat** this holiday season. While the absolute range in 10yr yields during that time has been 2.12 to 2.36, very little trading has transpired near those boundaries. More importantly, regardless of spikes in either direction, the medium term moving averages (1-4 months) have all flattened out between 2.20 and 2.23.

As is always the case with moving averages, the shorter the averaged time period, the **more reactive** the line will be to movements in the underlying security. In other words, a 21 day moving average is going to more closely mimic actual movements in 10yr yields than an 80 day moving average. It's notable, then, that even the 21 day moving average plateaued in mid November and hasn't really budged despite several instances of volatility in bond markets. It's recent flatness is something normally only seen in longer term averages.

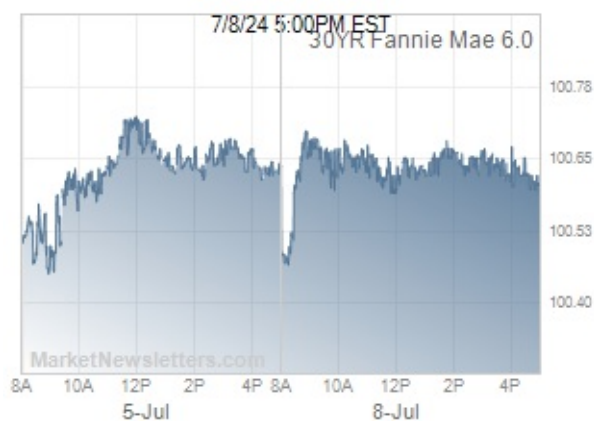


Today is the **busiest day** of the week for economic data with Incomes/Outlays, Durable Goods, New Home Sales and Consumer Sentiment. Of those, Durable Goods has the most street Cred. Not only that, but Consumption data (the "outlays" part of the incomes/outlays report) was **inadvertently released** last night, ahead of this morning's 830am print time. Markets didn't care in the overnight session just as they likely wouldn't have cared at 830. Bonds are clearly trying to consolidate around some end-of-year target, and that trend will continue unless we unexpectedly find a major source of inspiration. Economic data is unlikely to fill such a role.

## 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	4.2793	<b>-0.0025</b>
30 YR Treasury	4.4558	<b>-0.0299</b>

Pricing as of: 7/8 7:54PM 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

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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.

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