



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

[View My Website](#)

UPDATE: Big, Bond-Market-Specific Rally

Bond market rallies are like a box of chocolate. Even when you think you might know what you're going to get, those crafty chocolatiers flip the script.

So far in 2016, the dominant recipe has been: follow stocks, and maybe oil too. It was downright predictable for most of January. But now the flavor is changing. There are still hints of the old recipe in this morning's selection of deliciousness but it's mostly new and different.

All that to say that the highly correlated connection between stocks/oil/bonds has broken down. It's not that they're moving in opposite directions this morning, just that bonds are clearly marching to their own beat in a big way.

As we've often discussed the time of 8:20am is a major clue as to what is driving trade in the instances where bonds take off abruptly. 8:20am is the CME pit open. Not only is this when the 'open-outcry' markets begin trading in Treasury options, but it's also the start time for many larger accounts that keep offices at the CME (even if they're trading on their computers instead of waving their arms in the bond pit).

The implication is that some of the biggest, most active traders were 'lined-up' and waiting to buy this morning. Their buying begat more buying, either by forcing those with 'short' bets to cover (i.e. traders betting on higher rates being forced to buy bonds and prevent further losses) or by pushing prices across technical barriers that serve as signals for leveraged traders to jump in and try to capitalize on intraday momentum.

Either way, this move is really "all bonds," relatively speaking. Sure, oil and stocks are down a bit, but not even remotely close to enough to justify the move in bonds. Traders were waiting for this and traders were surprised at how serious other traders have been about pushing this price action. We can only watch and enjoy.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.63	+0.02
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.2720	-0.0098
30 YR Treasury	4.4600	-0.0257

Pricing as of: 7/8 3:54PM EST

Average Mortgage Rates

	Rate	Change	Points
--	------	--------	--------

Mortgage News Daily

30 Yr. Fixed	7.01%	-0.02	0.00
15 Yr. Fixed	6.41%	-0.03	0.00
30 Yr. FHA	6.48%	-0.02	0.00
30 Yr. Jumbo	7.22%	-0.02	0.00
5/1 ARM	7.03%	-0.02	0.00

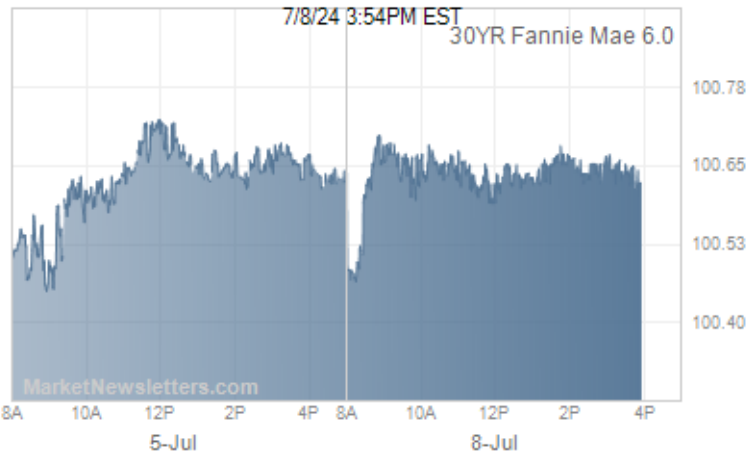
Freddie Mac

30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/8



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

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

