



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](#)

MBS Recap: Bond Markets Hold Ground Despite Higher Stocks/Oil

- Stocks and oil closed at 2016 highs
- Corporate bond supply also added pressure on Treasuries/MBS
- But bonds held their ground with MBS outperforming
- Lenders passed along much more of yesterday's gains

Looked at in a vacuum, today was **merely a so-so day** for bond markets. **But** by the time you consider some of the other factors in play, the outlook quickly brightens. Just how bright, remains to be seen, but it's promising.

The **most obvious hurdle** for bond market gains was the strong performance in stocks and oil. Both closed at their best levels of the year. While it's not too surprising to see multiple asset classes performing well after a major central bank comes out with a bit of a softer stance, neither would it have been a surprise for bond markets to lose a bit of ground given the pace of improvements in other markets.

Then there's the **corporate issuance** hurdle. As a reminder, corporate bonds are often hedged by the selling of Treasuries. While these can always be bought back at a later date, the immediate implication is incremental weakness in bond markets, not to mention the fact that more corporate bonds are also adding to the overall level of supply competing for investors' attention.

Finally, on a more qualitative note, there's the simple matter of yesterday being a super strong day for bond markets. That means any sort of ground-holding seen today would have been a victory. The fact that we not only held ground, but did so with a few headwinds seems to bode well for the trading levels defended yesterday. That doesn't mean we're immune from weakness going forward, but it **does** suggest that we could put up a very good fight in the event that weakness pushes 10yr yields back up toward 2%.

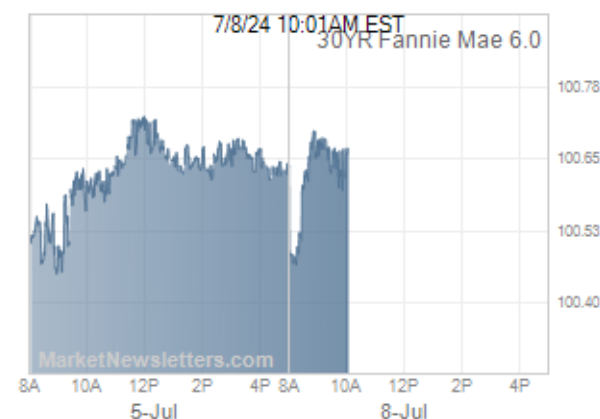
Subscribe to my newsletter online at:

<http://housingnewsletters.com/richhomeloans>

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.64	+0.03
MBS GNMA 6.0	100.76	+0.02
10 YR Treasury	4.2803	-0.0015
30 YR Treasury	4.4735	-0.0122

Pricing as of: 7/8 10:02AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-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: 7/5

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

