



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](#)

The Day Ahead: Bonds Contend With Technical Resistance and Holiday Themes

- After breaking above 1.92%, technicals get interesting for 10yr yields
- Bigger-picture uptrends in rates at risk of continuing
- Last full day of the week. How much of this is holiday-related apathy?

Bonds got **spanked yesterday**, and the reason isn't entirely clear. While we can point to things like the unwinding of temporary 'flight-to-safety' trades (read: buy bonds, sell stocks) at the end of the European trading day, or the potential Treasury sales associated with new corporate bond issuance, yesterday's move remains a bit more enigmatic than most intraday sell-offs.

This all might be a bit **too frustrating** if not for the fact that we're getting very near the end of a holiday-shortened trading week. It's very rare for market participants to get a day off on a day that is NOT also a bank/Federal holiday, but that's what this Friday will be. With that in mind, it's good to remember that for all the news and hype about algorithmic/high-frequency trading, and all the impressive technology we hear about, that financial markets are ultimately still driven by real people.

These aren't billionaire elitists with private jets and 7 vacation homes around the world. These are **regular people** who like to get away for a weekend just as much as any of us. I can tell you from personal experience that when you have no choice but to be 'on call' any time markets are open and when your away time is limited to the days that the rest of the world has off, that the prospect of a day off where the rest of the world won't also be on the river, or mountain (or reluctantly walking through the garden center because they like being married) is terribly exciting.

All that to say that traders very well may be putting up the metaphorical "**out to lunch, will return**" sign in terms of wrapping up trading positions for the week. At the very least, this could help explain some of the abnormal momentum amid low-ish afternoon volumes yesterday.

If we ignore or disregard the potential holiday mindset, things are **tense and dicey**. 10yr yields--our proxy for the long-end of the bond market, including the MBS that most directly affect mortgage rates--have crossed over some important technical boundaries. Just as importantly, they've been failing to break back below the 1.92% level since breaking it yesterday afternoon (they're right there though! 1.926%!). This coincides with similar resistance in several technical studies, including those seen in the chart below--

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.62	+0.01
MBS GNMA 6.0	100.75	+0.01
10 YR Treasury	4.2837	+0.0019
30 YR Treasury	4.4796	-0.0061

Pricing as of: 7/8 9:55AM 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

Bollinger bands on top (we want to break below that middle yellow line) and stochastics on bottom (we want the blue line to cross below the red line).



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

