



## 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: Falling Into Line After Shaky Start

- Bonds were weaker overnight and lost more ground early
- intermediate range boundaries held (1.755 in 10yr yields) as a ceiling
- Bonds came back quickly, but found resistance at Friday's low yields (1.714)
- MBS outperformed again as Treasuries took more damage from corporate issuance
- MBS "roll" tonight, and thus will be missing about a quarter point tomorrow morning

Like many Mondays, today ended up being better described as an unofficial 3rd weekend day. In fact, last Friday was similar, both in terms of volume and volatility. Bond markets found their way into just slightly weaker territory today, but **easily returned to Friday's range** by the noon hour. From that point on, Treasuries held sideways and MBS inched toward the highs of the day.

There were no significant economic reports today, but there were a few marginally interesting snippets from Fed speakers. The most interesting among these was Kaplan's comments on NOT expecting rate hikes to shift the Treasury yield curve significantly. This is akin to another vote for the Fed will to be slow and methodical about rate hikes.

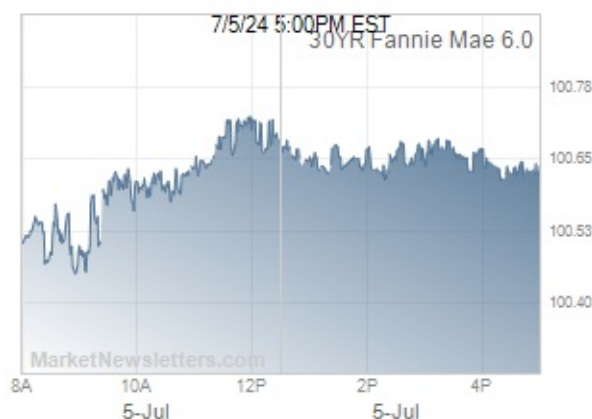
As for the **MBS outperformance**, we can chalk some of that up to the Treasury-specific pressure created by the corporate issuance process (big companies employing the help of financial firms to create big corporate bonds). Corporate bonds create general pressure on other bonds because they add "supply" to the broader bond market. But they create specific pressure on Treasuries because some firms opt to sell Treasuries in order to lock in the rate of return on the corporate bond (much like a mortgage rate lock equates to a short position in MBS--i.e. locking is analogous to selling MBS).

On a final note, keep in mind that tonight is **"the roll"** (the monthly coupon settlement for Fannie/Freddie 30yr fixed MBS). That means that MBS price indications will no longer come from April MBS tomorrow and will instead come from the May MBS coupons that are currently trading roughly a quarter point lower. In other words, MBS will be about a quarter point lower tomorrow than they otherwise would be.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	+0.22
MBS GNMA 6.0	100.74	+0.21
10 YR Treasury	4.3076	+0.0258
30 YR Treasury	4.5027	+0.0170

Pricing as of: 7/8 7:51AM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
<b>Mortgage Bankers Assoc.</b>			
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

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

