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## The Day Ahead: Focusing on ECB Press Conference and Technical Levels

- ECB leaves all rates unchanged; Draghi press conference begins now
- ECB typically saves the more meaningful communications for the press conference
- Economic data is 2nd fiddle to ECB and to trading momentum itself as technicals are in focus

Jobless Claims came out at 247k vs 263k and the Philly Fed data was mixed, but with a much weaker headline of -1.6 vs +8.9 forecast. That's a 43-year low for Jobless Claims and markets haven't batted much of an eyelash. In addition to telling us just how useless the Claims data has grown to be, this also speaks to traders' mindset today.

Far more important than the economic data is the ECB Press conference with Mario Draghi, which is currently underway. Markets are looking for clarity on Draghi's most recent market-moving soundbyte from his last press conference where he said the ECB was **probably done moving rates** into negative territory. Bond markets didn't like that, and some of the recent weakness can be chalked up to the fact that bonds expected Draghi to amplify as opposed to reinforce that stance.

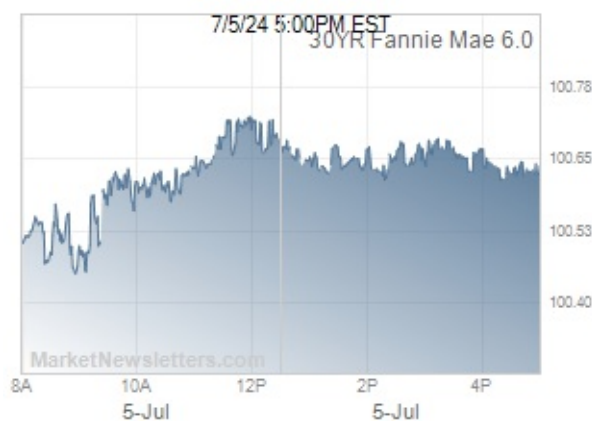
Indeed, that's how the press conference is going so far, and bond markets **continue pushing into the weakest levels** in more than a month.

At stake is the lens through which we'll ultimately view the important 1.84% level in 10yr yields. **Here's what I mean by that:** 1.84 has been a critical pivot point for 10yr Treasuries. I've often referred to it as the gateway to the "golden era" of low interest rates in 2011-2012. It served a distinct role as a floor when yields first approached, and then as a ceiling until yields were ready to move higher again.

## 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	4.3081	+0.0263
30 YR Treasury	4.5022	+0.0165

Pricing as of: 7/8 7:53AM 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



As you can see in the chart, yields mostly treated it as a floor (resistance) when they returned in early 2015. Now the 2016 trading range has been far more equivocal on the matter. The coming weeks will decide whether this well-traveled pivot point will end up being a friend or foe. Yesterday was the **first time** we broke above 1.84% in **more than a month**, and when it comes to technical analysis, it's the 2nd day after a breakout that determines if the breakout is confirmed. 10's are trading at 1.872 currently, so we're definitely on the ropes.

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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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