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## The Day Ahead: Chance to Confirm Post-Fed Bounce

- Bond rally following yesterday's Fed brings trading levels right back to the top of the previous range
- holding ground today with modest gains would be great
- breaking back below 10yr yields of 1.80 would be better
- simply avoiding the early March precedent would be good

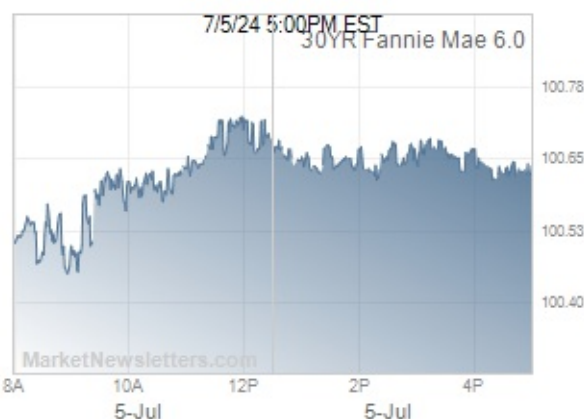
What is the "early March precedent?" March 1st marked the beginning of a sell-off that was **very similar** in shape, intensity, and technical significance to the sell-off that began on April 20th. Both sell-offs put in 4 more days of weakness after breaking above the 21-day moving average (middle line in the Bollinger Bands overlaid on the candlesticks in the following chart). Both sell-offs then encountered a strongly positive day. In early March, it was the 8th. In the current sell-off, it was yesterday's Fed day.



## 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	4.3091	+0.0273
30 YR Treasury	4.5022	+0.0165

Pricing as of: 7/8 7:57AM 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 the chart shows (and as you may well remember), the early March bounce was merely a 1-day **head-fake** before bonds resumed their weaker ways. This time around, avoiding a similar fate--even if it only means holding steady--would be a welcome result. If 10yr yields can manage to hold under 1.84, it would be even better. The best case scenario would be a break under 1.80, but that would require a fairly strong rally today, which could be a tall order after yesterday's strong move.

Key data is limited to GDP at 8:30am. This is the **first look at Q1 numbers** and the median forecast currently stands at 0.7.

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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.

Rich E. Blanchard

