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## The Day Ahead: Some Things Are True Regardless of NFP

- NFP used to be one of the only games in town when it came to market movement
- That's decreasingly true
- Even though it can still definitely have a big short term impact, it won't necessarily set the tone like it used to
- Here's why

I can remember putting together charts showing that entire months-worth of bond market movement oftentimes followed the suggestion laid out by NFP at the beginning of the month. Even on the occasions where the MBS Live community debated a particular NFP's relevance, there were still **plenty of examples** of it causing a surprising amount of market movement.

Times are changing though. While it's true that NFP will always have the ability to cause a big reaction on the day of its release (this probably won't ever change), it's also true that it has **decreasingly been setting the tone** for bond markets. Hey, after all, NFP has been stronger for longer than many other times in history, yet here we are near the lowest rates in history again, right?! So it's not too much to ask that we not put as much stock as we used to in this data.

The **Fed already knows** job creation is strong. If that's all it took to hike, rates would be in the 3% range (Fed Funds). But there's just no inflation following from those jobs in the way it historically has. The Fed is puzzled by that from an academic standpoint. I think a lot of us are less puzzled by it based on our interactions with a broad swath of the loan-seeking American public.

Disposable income ain't what it used to be, except for the upper half of society. That's just not a recipe for inflation, and it's **certainly a scary** thing to be seeing 7 years into a recovery/expansion for rates to be where they are. So until something changes about the broader dynamic of this particularly frustrating post-crisis recovery--until real inflation actually shows up--rates are going to have a very hard time making super scary moves higher.

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## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	<b>+0.22</b>
MBS GNMA 6.0	100.74	<b>+0.21</b>
10 YR Treasury	4.3081	<b>+0.0263</b>
30 YR Treasury	4.5022	<b>+0.0165</b>

Pricing as of: 7/8 7:53AM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.03%	<b>-0.05</b>	0.00
15 Yr. Fixed	6.44%	<b>-0.01</b>	0.00
30 Yr. FHA	6.50%	<b>-0.05</b>	0.00
30 Yr. Jumbo	7.24%	<b>-0.01</b>	0.00
5/1 ARM	7.05%	<b>-0.02</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	<b>+0.09</b>	0.00
15 Yr. Fixed	6.25%	<b>+0.09</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.03%	<b>+0.09</b>	0.62
15 Yr. Fixed	6.56%	<b>+0.09</b>	0.54
30 Yr. FHA	6.90%	<b>+0.11</b>	0.95
30 Yr. Jumbo	7.11%	<b>-0.01</b>	0.50
5/1 ARM	6.38%	<b>+0.11</b>	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**

