

# **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 Week Ahead: Bigger Picture Trend Toward Consolidation

- Limited data and events this week to motivate strong momentum
- broader trend looking like a consolidation pattern
- first major break out of that pattern could be big

Conventional wisdom held that the Fed's December hike would be merely the first phase in a gradual move toward higher rates across the curve (meaning both shorter term and longer term yields, like 10yr Treasuries and mortgage rates). With that in mind, it's an interesting turn of events, to say the least, that 10yr yields are **roughly 50bps lower** than when the Fed hiked in December.

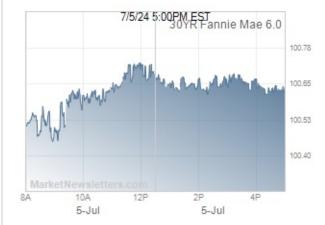
The Fed rate hike outlook is part and parcel of rates' ability to defy expectations. Markets have gone from seeing 4 hikes in 2016 (as of late last year) to 2 hikes a few months ago to 0-1 hikes today. Will that trend continue until no one expects the Fed to hike again? We can't be sure, but markets are definitely trading like it's a possibility. Yields are in that **magical range** that they've only occupied during their stints near all-time lows.

In the slightly bigger picture, the question of the Fed rate hike trajectory is akin to the question of the global economy gaining altitude or crashing. Markets have mirrored the anxious indecision in the form of a massive "triangle"--a technical term for the consolidation pattern with higher lows and lower highs. If the pattern in the chart holds, we're closer to hitting resistance this week (i.e. a floor in yields). But the thing about these sorts of consolidation patterns is that the first move after the break is usually a big one. Each passing day means we're getting closer.

#### 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	4.3101	+0.0283
30 YR Treasury	4.5008	+0.0151

Pricing as of: 7/87:54AM 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 Banke	rs 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			

© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.



There is no significant data on tap this week until Friday's Retail Sales report. But we will get the 3, 10, 30yr series of Treasury auctions. Data aside, the chart leaves plenty of room for bond markets to be indecisive between now and the June Fed meeting. My default assumption will be that yields will generally kick around mostly inside the triangle until then. That means lock/float decisions are more of a tactical, short-term consideration.

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

