



## 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](#)

## The Day Ahead: Checking in With Long Term Trends in Stocks and Bonds

- 10yr yields still consolidating in bigger picture.
- "triangles" often throw head-fakes
- Stocks' fate still unclear
- Retail Sales is only big-ticket data

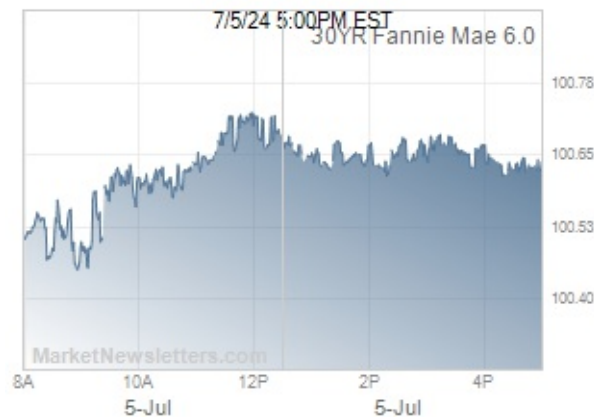
Today brings the only meaningful economic data of the week in the form of Retail Sales (which will likely be out by the time you read this). The median forecast is for a 0.8 percent increase after last month's 0.4 percent decrease. While Retail Sales can always be a market mover in the short term, it's **not at all likely** that it will affect the big picture trends in today's charts.

I wanted to take a step back and look at that bigger picture, just to emphasize a few points. For bonds, the point is that we're squeezing into an increasingly narrow/low range very close to all-time lows (that's "close" in terms of the bigger picture. It's not like 10yr yields will trade into the high 1.3's today, but relative to the last 30 years, we might as well be at all-time lows). For stocks, the point is that they're **still very much at risk** of doing that "big cyclical shift thing" that we've been talking about for a few years now. (And yes, I intentionally refer to bonds in the first person and stocks in the 3rd. Gotta root for the home team).

## 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	4.3145	+0.0327
30 YR Treasury	4.5079	+0.0222

Pricing as of: 7/8 5:47AM 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



A secondary point about the bond portion of the chart is that the "triangles" (the consolidation trends seen in the form of higher lows and lower highs) can often start out with more aggressive angles and then widen before taking their final form. This is the nature of financial markets! No chart pattern will be a perfect indicator of the future. Notice how the original teal-line triangle was broken on the low side and then the high side before yields ultimately went lower. That's the "head fake."

Incidentally, there is **one other triangle** that could be drawn on the Treasury section. I put this in it's own chart a few weeks back:



The resolution of this triangle looks like it may well coincide with the resolution of the long-term reversal pattern in stocks. Wouldn't that be something!

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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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