



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 Day Ahead: The Irony of Axl Rose And The Bigger Picture

- It is the bigger picture, as opposed to day-to-day minutia that will drive trading momentum
- Trading levels and technicals suggest an utterly indecisive market in the bigger picture
- Where do we go now? Are we about to rock?

It turns out to have been eerily coincidental that I opted for a Guns n' Roses reference with yesterday's "where do we go now?" question. Specifically, did you know Axl Rose was singing for AC/DC now? No joke. He also broke his leg recently and has been singing from a 'throne' borrowed from Foo Fighters front man Dave Grohl. In addition to bond markets holding ground, **yesterday's big news** was the Axl was back on his feet for a concert in Belgium--at least for a few minutes, before promptly sitting back down again.

Of course, if you listened to music in the late 80s through mid 90's, you stood a very good chance of hearing Axl sing: "where do we go now?" But these days, the same guy is instead singing things like: **"for those about to rock."** Are you detecting the ambiguity here? The irony? And especially, the bond market parallels?

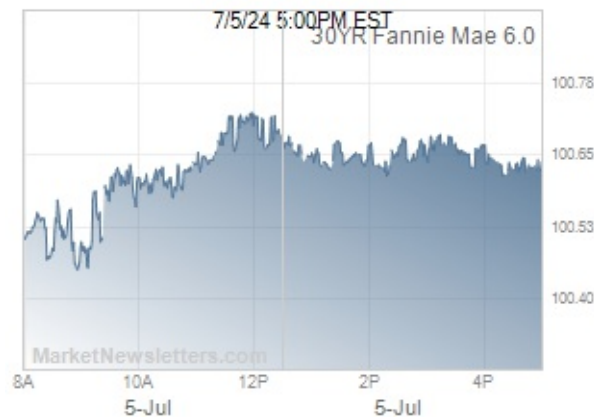
Axl is bond markets right now. Are we about to rock or are we wondering where do we go now? Are we working the stage or are we **confined to a throne** due to our recently sustained injuries?

While bonds may be 'about to rock' at any given moment, I think we can be absolutely sure that they're singing "where do we go now" in their heart of hearts. The technicals and recent price action confirm this. **Very rarely** have we seen a consolidation in yields that has been completely matched by a consolidation in the technicals over a 4-month time frame (in fact, I couldn't even find another good match for the current patterns, and I looked back roughly 20 years):

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
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 Bankers 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



It's not uncommon to see these sorts of "triangles" in yields themselves, but when we do, we usually see something other than a triangle in the momentum indicators. These discrepancies are referred to as **bearish or bullish 'divergences,'** and technicians treat them as forward indicators. In other words, if the momentum studies suggest strength, it's more likely that we'll see any given triangle break out to the strong side. But this time around, there are no such clues--no secret decoder ring to give us an edge.

In such a case, all we can do is remain on guard for the eventual break.

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

