



## Rich E. Blanchard

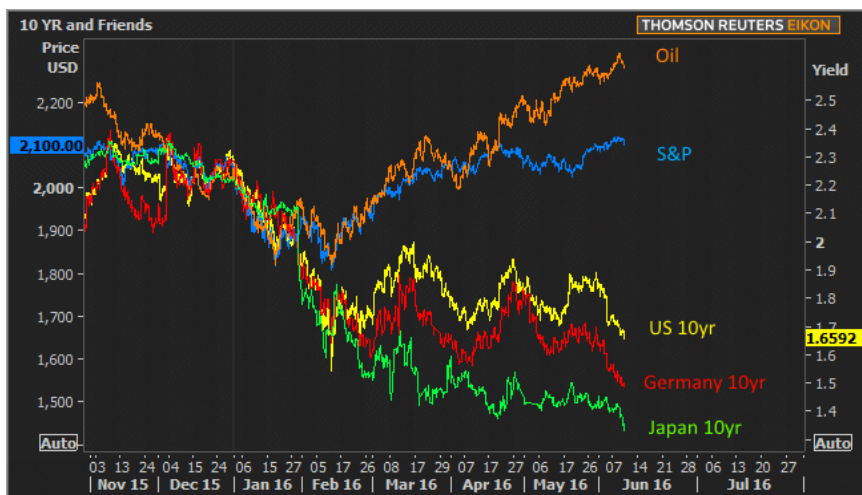
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## The Day Ahead: "The Breakout," Day 2

- 10yr yields officially closed below 2016's range boundary yesterday
- Today beginning in even stronger territory
- Looking at other markets, this only stands to reason
- As long as you're not looking at stocks

Bond markets are high on life, and life is pretty simple. In this case, it consists of foreign central bank QE and the global growth/inflation malaise that necessitates it. With QE programs and negative policy rates in full force at the world's 2 other largest central banks (ECB and Japan), US Treasuries have been able to **defy the influence** of rising oil and stock prices in 2016.

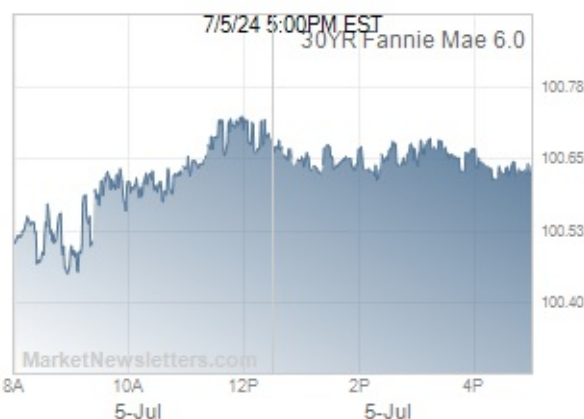


One caveat to this whole "rising stock price" theme is that stocks **still** haven't broken new highs this year. The longer this goes on, the more fear builds that they'll take a swan dive any day now.

## 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	4.3140	<b>+0.0322</b>
30 YR Treasury	4.5069	<b>+0.0212</b>

Pricing as of: 7/8 5:52AM 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

### Freddie Mac

30 Yr. Fixed	6.95%	<b>+0.09</b>	0.00
15 Yr. Fixed	6.25%	<b>+0.09</b>	0.00

### Mortgage Bankers Assoc.

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



I suspect even if stocks found a way to break higher, bond markets wouldn't panic. There's just too much money being pumped in by the rest of the world, and too much concern about the bigger economic picture. With German Bund yields near zero and Japanese 10yr yr yields **below zero**, it just doesn't make much sense for US 10yr yields to be rising toward 2%. And they're not! In fact, they're falling below 1.70 and not feeling bad about it.



Today's data and events offer little in terms of informing this bigger picture. Consumer Sentiment is the only economic report on tap and it won't be much of a market mover unless there's a big shake-up in the inflation expectations component. The next big to do in bond markets is next week's FOMC Announcement. Bond traders know **the Fed won't hike** at this meeting, so they have time to play around with lower yields as long as global bond markets are singing the same tune.

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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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