



## 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](#)

## MBS Recap: Fed Admits Reality; Bonds Rally

- The Fed confirmed they have a close eye on next NFP
- rate hike outlook was downgraded, as was growth
- They're concerned about confirmation of labor market deceleration, Brexit, etc.
- They did nothing to attempt to sound like they were interested in hiking
- Bonds moved back in line with yesterday's best levels

It was a foregone conclusion that the Fed wouldn't hike in June--at least if you asked anyone in the past few weeks. But there was still a risk that the Fed would say something silly to lay out some contingencies for a July rate hike. They did **nothing** of the sort and bond markets like that very much.

The announcement itself was benign on the topic of impending rate hikes, and the rest of today's Fed communications only helped fuel broader concerns about global growth and potential shocks from things like Brexit. Specifically, Fed forecasts showed an **even lower and slower** path of interest rate expectations in the future.

Fed Chair Yellen's press conference was also **rate-friendly** inasmuch as it confirmed all of the logical assumptions about how the Fed's thinking might be evolving based on recent events. She went so far as to say that the "new normal" for the neutral/natural Fed Funds Rate was near zero.

To reduce several hours of carefully worded esoterica to a few nuggets, the Fed is now potentially concerned about the most recent jobs report and they want to see the next one **before deciding** on a rate hike. They also need to see what happens with the U.K.'s vote to leave the EU. Even then, they think that the "new normal" for rates could be lower than they thought. No one is too surprised about that, and bond markets improved accordingly.

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## 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 5:49AM 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

## 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**

