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## MBS Recap: Drastically Outperforming Treasuries

If I didn't know any better, I'd say it looked like MBS were simply "tired of moving" in relative proportion to Treasuries as the latter undergo some volatility around their all-time lows. If I did know any better, I'd guess that Treasuries were **bracing for the impact** of a "supply" week.

There is the obvious supply in the form of the Treasury auctions occurring over the first three days of the week, and the less obvious supply in the form of other debt being brought to market. It's always good to keep in mind the fact that Treasuries are the baseline (or "index" as in the index on an ARM) for other types of debt. Corporate debt is **most notable** among these and when rates look to be bottoming out--even if only temporarily--corporations and other issuers of debt take it as a cue to ramp up issuance. The fairly simply thinking here is that issuing debt = borrowing, and everyone would prefer to borrow at the lowest possible rate.

The **trickier part** is that we don't know exactly how much corporate debt (or "other") will be issued this week and estimates are all over the place. One thing's for sure though: Treasuries get hit much harder by corporate-debt-related volatility than MBS. Today's vastly different performances (MBS lost 4 ticks and held flat all day as opposed to 10yr yields starting around 1.40 and rising to 1.43) could be as simple as that. Either way, we'll now be looking to 1.44% for an indication of support. If it breaks, selling momentum could have some more follow-through behind it.

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## 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	4.2974	<b>+0.0156</b>
30 YR Treasury	4.4909	<b>+0.0052</b>

Pricing as of: 7/8 3:50AM 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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	<b>+0.09</b>	0.00
15 Yr. Fixed	6.25%	<b>+0.09</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
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

## 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**

