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## The Day Ahead: It Could Change Any Moment (but Probably Won't)

Smart stakeholders in financial markets tend to avoid assuming or asserting that particular trading levels WILL behave in a particular way. There are always too many things that could happen, and we've seen seemingly logical predictions fall flat on their faces time and again when **the market does what it wants** (as opposed to doing what it seems like it should do).

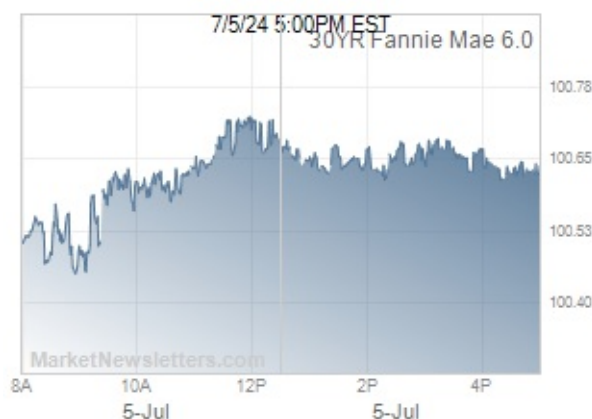
As such, it was with no small amount of trepidation that I began talking about an **incredibly narrow** range taking shape in the middle of last week, and the fact that it would probably be this week's central bank announcements that helped the range break for better or worse.

I'm as surprised as anyone to see just how perfectly this micro-range has endured. Since July 18th, 10yr yields have only spent **only a few moments** outside 1.54-1.59%, a true testament to "sideways and waiting for motivation." It's not just Treasuries, however. Stocks and European bonds have also been sideways over the past week. At first glance it may look like German Bund yields are trending lower, but if we consider the bigger move seen in the middle of the month, German yields had more room to bounce back without straying too far from the same sideways themes.

## 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	4.2969	<b>+0.0151</b>
30 YR Treasury	4.4984	<b>+0.0127</b>

Pricing as of: 7/8 2:01AM 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



There's still a chance that prevailing sideways ranges will break before we actually get to tomorrow's Fed Announcement, but it would be a tall order for today's data to motivate such a break. Case Shiller at 9am is only interesting to housing economists (not so much to traders). New Home Sales data at 10am rarely has a big impact on trading, and the 5yr auction, while important, would need to deviate quite a bit from recent average results in order to be single-handedly responsible for a range-break.

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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.

Rich E. Blanchard

