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## The Day Ahead: Consolidations Are Everywhere And This One's About to Break

First thing's first: "consolidation" refers to a pronounced narrowing of a trading range after an uptrend or downtrend. Consolidations can occur with a slight **positive or negative** bias (as long as the trading range is narrow enough), but the most glaring examples are those that orbit the same central levels for their duration.

Consolidations come in a wide **variety of sizes**. The biggest arguable consolidation lasted 4 years (from 2003 to 2007) when bond markets took their only extended break from the longer term rally that began in the early 80's. 2016 has offered a fairly big consolidative range. It lasted from February through early June and then broke in favor of lower rates over the past 2 months.

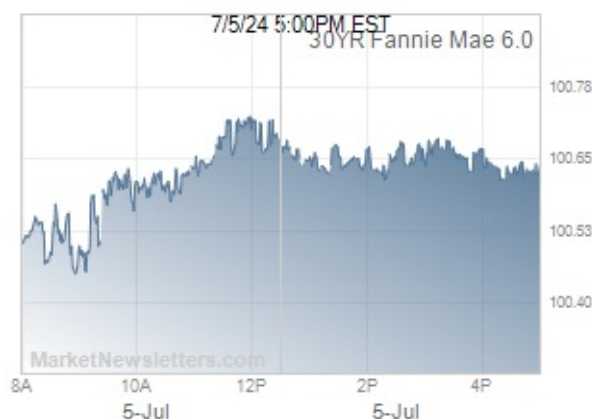
Over the past 2 weeks, however, we've had a **different consolidation**--this time much smaller and narrower. With the conventional wisdom behind consolidations suggesting that they will eventually have the chance to kick off the next round of higher conviction momentum, and with today bringing the FOMC Announcement, it's increasingly likely that we'll see a break of the micro-consolidation seen in the chart below. Granted, we could be forced to keep waiting for Japan's policy announcement later this week, but eventually, the consolidating lines will simply run out of room.



## 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	4.2969	+0.0151
30 YR Treasury	4.4956	+0.0099

Pricing as of: 7/8 1:55AM 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

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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**

