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## MBS Recap: Bonds Hold Gains Despite Stock Bounce; MBS Outperform

In the bigger picture, today was all about **confirming and consolidating** yesterday's gains. Trading levels held inside narrow ranges for both MBS and Treasuries, and neither were flustered when stocks swooped back up toward yesterday's highs.

MBS did a better job of being "**less flustered**" today--i.e. Fannie 3.0s gained 3/32nds in price while 10yr Treasuries lost 2/32nds--for a few reasons. First, there's the corporate bond calendar. Issuance was by no means active. In fact, there was only one announcement. But the company in question was Apple--well known for their big corporate bond offerings. [Here's a refresher](#) on how corporate bonds impact other rates if you need it. The takeaway is that Treasuries are more affected than MBS.

MBS also tend to reap marginal benefits on any day with large, scheduled purchases from the Fed--**especially** in the Fannie/Freddie 30yr sector. Today was such a day, and that likely added to the outperformance. Finally, it could simply be the case that **month-end bond buying** is being kinder to MBS than Treasuries, but either way, the first 2 factors are more than enough to justify the discrepancy.

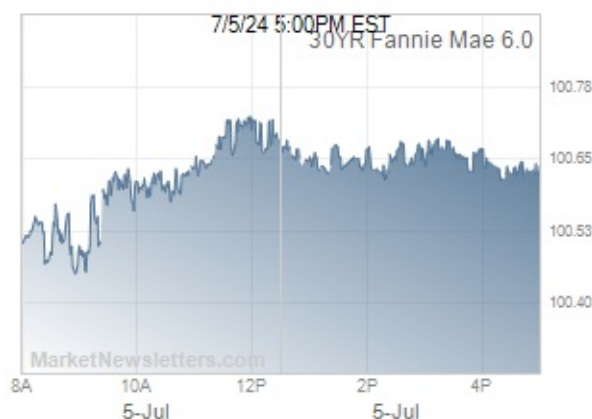
The 7yr Treasury auction was strong, but it had a **limited** impact. For all intents and purposes, bond markets were just flat. That's a great thing when it follows a day with a substantial rally. Keep in mind that the **Bank of Japan** will have a policy announcement overnight, and that could cause volatility in the morning (or before, for that matter). Sorry, there's no way to know if that volatility is more likely to help or hurt us.

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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	4.2969	<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

## 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**

