



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

[View My Website](#)

The Day Ahead: No Data, and Maybe Even No Drama

Bond markets have been surprisingly calm this week, given what's at stake. 3 weeks ago, we were faced with the new prospect of the European Central Bank potentially lifting its foot off the accelerator of quantitative easing, the new prospect of Japan changing up its stimulus framework, and the prospect of the Fed finally having a green light to hike rates (the true green light comes not from the economy, but rather from other central banks looking less aggressive in their easing efforts, though the Fed won't directly admit this).

While it is true that the past few days have shaken things up in a good way for bond markets, they haven't been enough to fundamentally alter our relationship to recent trends. That have taken the first step in that regard, but not a big enough step to "confirm" a shift in a [technical sense](#).

Let's take a look at a chart with 3 identical plots of 10yr Treasuries and 3 separate ways to draw trendlines. The first two sets of trendlines treat the recent ECB-related breakout as just that--a breakout of the converging trends. In other words, the first 2 sections examine "how we're doing" with respect to trends that existed before the recent volatility picked up. The final set of trendlines accounts for that volatility and thus gives us the broadest sense of direction (which is, unfortunately, unfriendly).



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	4.3003	+0.0185
30 YR Treasury	4.4951	+0.0094

Pricing as of: 7/7 10:00PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			

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

Freddie Mac

30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00

Mortgage Bankers Assoc.

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



Also unfriendly are the two other lines on the charts (blue-ish and yellow-ish?) which are the 25 day and 100 day moving averages. I say "unfriendly," but in truth, I don't really view moving averages as being predictive. They merely let us know how things are going and serve as a line in the sand for change. Ever since early July, we've had a tough time breaking through that 25-day moving average. It will eventually break, and when it does, that would be yet another confirmation of the potential shift mentioned in the top 2 sections of the chart.

As for today, specifically, there are no significant events. Arguably, several Fed speakers in the middle of the day could say something that helps further refine the takeaway from Wednesday's Fed meeting, but it seems that markets have already sated themselves in that regard (in other words, there was a noticeable trading response that has since died down).

Loathe though I am to bring politics into my analysis, I will at least go so far as to say some people who trade bonds might care about Monday's debate (there's a debate on Monday, right? Seriously, I actively try to avoid politics). That, in conjunction with the fact that next week is month/quarter-end could serve to limit volatility heading into the weekend.

Subscribe to my newsletter online at: <http://housingnewsletters.com/richhomeloans>

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

