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## MBS Recap: Market Fatigue Showing as Fed Day Looms

After 2 days of heavy selling in global bond markets, today was a relative paradise of inactivity. Volume remained rather high by historical standards, but that was due to an **afternoon anomaly** that brought in heavy 2-way flows (balanced buyers and sellers). Volatility in trading levels was actually highest after this morning's economic data. GDP came in stronger than expected (2.9 vs 2.5) and bonds added to overnight weakness. 10yr yields hit their highest intraday levels in nearly 5 months, but quickly bounced back toward unchanged levels.

The anomaly in question was the announcement that the FBI was reopening its investigation into Hillary Clinton's emails. Of course this has **all sorts of implications** regarding the presidential race, and markets were eager to take and make bets accordingly. Stocks were especially active, with the S&P dropping more than 20 points from peak to trough amid the highest volumes of the day. They ultimately erased roughly half of those losses.

Bonds also saw their **highest volumes** of the day in the wake of the headlines, but again, the flows were much more balanced than those seen in equities markets. Treasuries (and MBS, to a lesser extent) did improve briefly, but the gains were mostly erased about an hour later when more details about the case came to light. Specifically, the FBI came across additional Clinton emails as a part of its investigation of Anthony Weiner. Apparently, bond markets take this to mean there's less risk that this news ultimately precludes a Clinton victory. Stock markets aren't so sure.

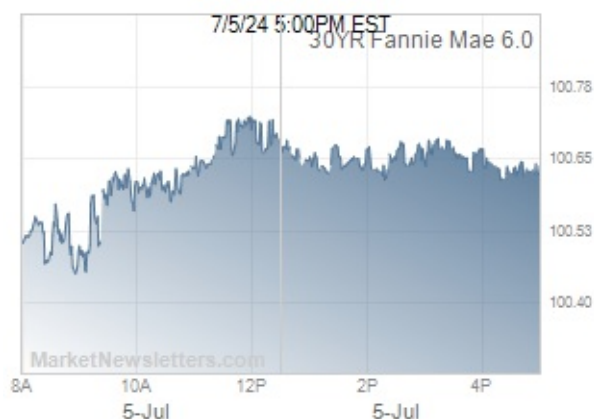
After the trading response had a chance to calm down, we were left at levels that are almost perfectly unchanged from yesterday's close. That, combined with this morning's quick bounce back to 'unchanged' suggests bonds are tired after this week's bout of volatility, and may be settling into a range ahead of next week's FOMC Announcement on Wednesday.

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## 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	4.2808	-0.0010
30 YR Treasury	4.4721	-0.0136

Pricing as of: 7/7 7:37PM 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**

