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## MBS Recap: Europe Trumps Mixed-to-Strong Payrolls Data

I've seen today's jobs report referred to as both **stronger and weaker** in several ways. At worst, it was "mixed," and generally erred on the stronger side.

The two **biggest** things going for the data were the positive revisions and the wage growth. Headline NFP may have missed by 24k, but revisions added back 44k payrolls over the past 2 months. Wage growth was forecast to rise from 0.2 to 0.3 percent. Instead it rose to 0.4 percent and the previous reading was revised up to 0.3 percent. Finally, U-6 unemployment (the number people like to use as an eye-opener to the "true" unemployment rate) fell 0.2 percent to 9.5, the lowest level since mid-2008.

All of the above serves to **offset** the headline miss, as well as some of the more detail-oriented contentions like the demographic distribution of the wage growth number (after all, it's no mystery that the recovery has been better for higher earners, even though it sucks on a pragmatic level). **Bonds agreed** at first, weakening to session highs in the minutes following the report.

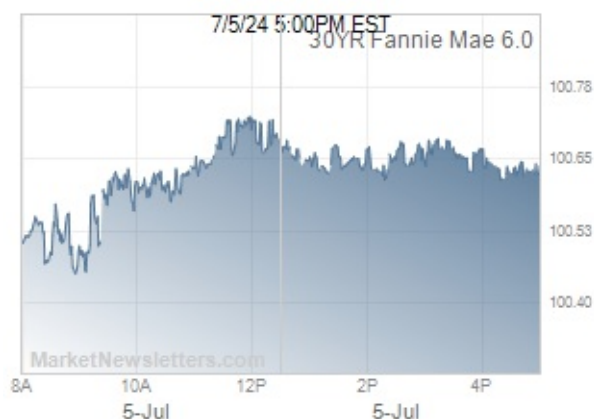
But **European bond markets had other ideas**, and European bond markets are easily a bigger consideration than anything but the most outrageous domestic economic data. Europe went on two runs toward lower yields, with the 2nd one ending just before 10am. Treasuries followed both times and punched out for the day shortly thereafter (i.e. US bond markets drifted sideways in a narrow range without ever contemplating a breakout). 10yr yields ended 3.2bps lower on the day and Fannie 3.0 MBS gained an eighth of a point.

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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	4.2818	<b>-0.0784</b>
30 YR Treasury	4.4857	<b>-0.0440</b>

Pricing as of: 7/5 5:59PM 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**

