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## MBS Recap: Bonds Hint at an Ominous Floor as Sell-Off Intensifies

If you read anything I write today, make it [The Day Ahead: The Death of a Long Term Trend; A Definitive Assessment](#).

If you want to read more, here's a recap of today's action.

This wasn't the typical "day-after-Fed" trading day for US bond markets, nor was it a typical mid-december day. In December 2015, Fed day (when they last hiked) saw just over 1 million Treasury futures contracts and slightly less the following day. This time around, Fed day saw over 1.7 million contracts and today's sell-off saw volume swell to **over 2 million** contracts. The volume spike adds gravity to the situation.

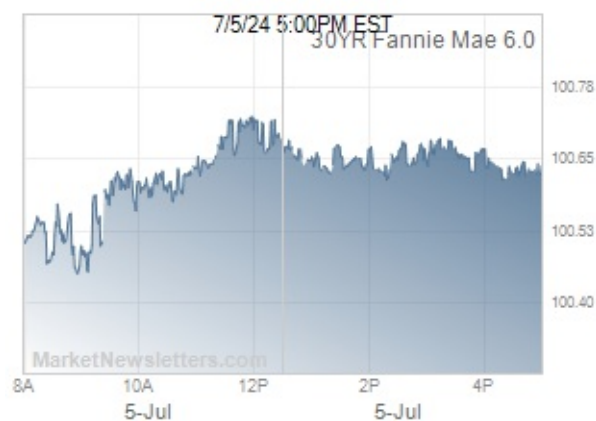
Data was ignored. Stable CPI and a balmy Philly Fed report **would have** made for weakness on an average day. But bonds were already at the day's weakest levels heading into the data. 10yr yields were **as high as 2.641** and then eased into a slightly lower range following the data.

The **troubling thing** about that new range was the fact that yields made several attempts to break below yesterday's highs and failed each time. This establishes a clear case for a new technical target (or "floor" or "resistance") of 2.565.

### 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



Fannie 3.5s were more than a half point weaker at times, but finished the day down 13 ticks at 101-02. Reprices were far less prevalent than yesterday. This is logical, considering there wasn't really any instance of precipitous selling. But it was also made possible by the fact that **lenders pulled pricing back AGGRESSIVELY** right out of the gate. Most lenders were an eighth of a point higher (in RATE) on the average conventional deal.

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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.

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