



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](#)

Mortgage Rates Hold Steady in Spite of Markets

Mortgage rates were steady to slightly lower today, even though bond market movement suggested a move higher. That's interesting because mortgage rates are driven primarily by bond market movement. It's not common to see the two moving in the opposite direction. So what gives?

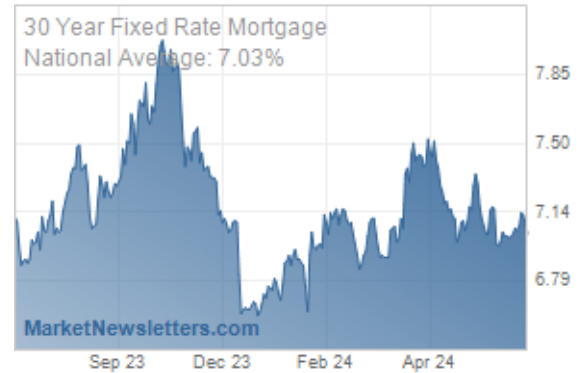
In today's case, the discrepancy is pretty easy to explain. Bonds and rates both improved fairly **substantially** yesterday. Bond markets improved a bit more in the afternoon and most lenders didn't have the time or the will to react with rate sheet improvements.

The late day bond market gains also **set a high bar** for today's measurement of improvement. In other words, today's "day-over-day change" looks worse than it is, simply because yesterday's closing levels were so good. A more holistic view shows the bonds underlying mortgage rates held in line with most of yesterday's range for most of today. With that in mind, it's really no surprise to see mortgage rates hold steady.

The bigger question, however, is where they go from here. The 2nd half of the week brings several big-ticket economic reports. These always have the potential to move markets. In addition we'll get the Minutes from the most recent **Fed meeting** tomorrow. Although the Minutes are merely a more detailed account of the Fed meeting from mid-March, they can nonetheless cause significant volatility for rates.

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National 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

MBS and 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 | 4.2818 | -0.0784 |
| 30 YR Treasury | 4.4857 | -0.0440 |

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

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