



**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](mailto:richblanchard@richhomeloans.com)

[View My Website](#)

## UPDATE: Bonds Pushing Back With Help From Europe; Tax Announcement Timing

With so much of our recent pain being attributable to European market volatility surrounding the French election, it's only fair that European markets share some of the love now that they're recovering a bit. Specifically, German Bunds (Europe's 10yr benchmark have finally found their footing after a resolute sell-off that began on April 18th.

US bond markets didn't take as hard of a hit as European bond markets, but they've nonetheless been taking most of their guidance from Bunds. That's working out in our favor this morning. In fact, US bonds are rallying with EU bond markets in spite of US stock market strength (the other recent guidance giver).



While this correlation is obviously in effect at the moment, we can expect it to be overshadowed by the market reaction to any tax reform headlines.

Today is the day that the Trump administration ostensibly unveils the tax cut plan. **There is no set time for the announcement**, so constant vigilance is the order of the day. That said, there is a press briefing scheduled for today at **1:30pm ET** with Mnuchin and Cohn. Trump himself isn't expected to talk

### 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	4.2818	-0.0784
30 YR Treasury	4.4857	-0.0440

Pricing as of: 7/5 5:59PM 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

#### 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

about it until this weekend.

Markets are always priced to reflect what they know and what they think they'll know. That means there's a certain mix of headlines that could come out on taxes that would be a perfectly warm bowl of porridge (i.e. they would confirm markets were right about what they thought they knew). If the administration offers greater detail than in the past, but not the excruciating details that markets might hope for (this is the baseline expectation for markets), we might see very little reaction. The "too hot" and "too cold" bowls of porridge (excruciating detail and lack of detail respectively) would be more likely to elicit a bigger move higher or lower in yields respectively.

In other other words: if the briefing gives more info than expected, it could push rates higher.



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**

