

### 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

## **UPDATE: Bonds Giving Back "Protection** Money"

Today's default momentum is toward higher yields/lower prices. Rates made a run at a major technical level (2.15-2.17% in 10yr yields) based largely on defensive positioning ahead of several high-risk events. It was safer for traders to pay this "protection money" in case the Comey testimony, ECB Announcement, AND UK election all ended up making a case for lower yields. Instead, only the ECB proved helpful.

We already saw the effects of the Comey testimony over the past few days (and they would have been worse if not for the ECB). Today we're seeing the fallout from the British election.

#### What is the bond market implication of the UK election?

Simply put, Theresa May was seeking a stronger "mandate" in the form of more parliament seats for her political party. Instead, she LOST seats. It was a surprise/upset/etc. It casts more doubt on the Brexit timeline--generally suggesting a slower and gentler break from the EU. Bond bulls would prefer an aggressive, fast break. The associated financial and economic risks of a faster break would have motivated safe-haven demand for fixed income assets like bonds.

Bottom line: yields were low based on potential bombshells, and 2 out of 3 bombs were duds. Plan for additional weakness today, and hope that it's limited. If we see a supportive ceiling emerge before moving above the 2.24-2.25% range, it would be a pleasant surprise and a fairly resilient showing, all things considered.

10yr yields are currently up 3bps at 2.223 and Fannie 3.5 MBS are down 2/32nds at 103-06.

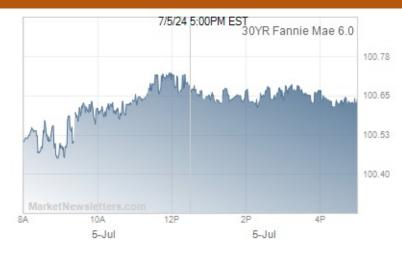
### MBS & Treasury Market Data

	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
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 Banke	rs 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
<b>5/1 ARM</b> Rates as of: 7/5	6.38%	+0.11	0.54



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

