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## The Day Ahead: Mostly a Chart Showing The Worst is Over

If you weren't already noticing that the worst of this week's selling spree was over with yesterday's ground-holding, today's early trading essentially confirms it. I put a couple technical indicators in the chart below that we don't revisit too frequently, but that do a good job of showing what's been happening in the past few weeks.



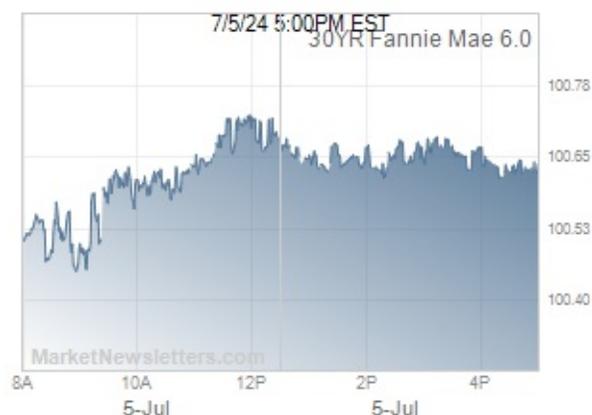
NOTE: this is an **hour-to-hour** chart as opposed to day-to-day. I'll break down my observations in bullet points because it's the day before x-mas weekend and who needs overly-wordy commentary?

- Big, successive breaks beyond an outer bollinger band signal an 'intact' sell-off. When yesterday's trading failed to break the upper bollinger band, that was a good sign
- Declining peaks in RSI is a good sign in general, but breaking below the red line after those peaks is even better
- Yesterday's lower set of peaks in MACD complemented the declining

## 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

peaks in RSI and the failed bollinger band breakout attempt. As the MACD bars began to decline, it suggested the selling-spree was over. Breaking below the zero line overnight confirms it.

If it weren't the day before x-mas weekend, the break below the MACD line (or the red line in RSI) would be "**buying triggers**" to some (signals to buy bonds). Holiday weekend or not, we can at least read this as a "no more selling" signal.

There is some economic data today, but we wouldn't expect it to matter. **Bonds close early** at 2pm ET, though most traders have already clocked out mentally (if not physically). Monday is a full closure for Christmas Day.

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Rich E. Blanchard

