



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 Nominally Higher Despite Bond Market Warning

Mortgage rates rose gently today. Most mortgage borrowers (and many mortgage professionals, for that matter) wouldn't be aware of slightly more alarming risks lurking underneath the surface. Those risks involve the broader bond market from which mortgage-related bonds take their directional cues.

More simply put, if US Treasuries are improving, mortgage-backed bonds tend to improve as well. The level of correlation varies though. For nearly all of 2018, mortgages weren't improving as quickly as the most widely-used rate benchmark: 10yr Treasury yields. That **began to change** recently-- especially when 10yr yields began moving higher 3 weeks ago. During that time, we've seen moderate moves higher in 10yr yields met with modest moves higher in mortgage rates. Today was another one of those days.

The **underlying risk** is that the moderate moves in Treasuries are adding up and potentially crossing dangerous lines. Mortgage rates aren't any worse than they were at last week's highs, but Treasuries are as high as they've been in more than 3 weeks. If they go much higher, they'll be breaking some important ceilings that investors might treat as harbingers of additional momentum. The net effect would be additional increases in mortgage rates. Even if those wouldn't be keeping pace with the weakness in Treasuries, they still wouldn't be pleasant.

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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 | 4.3655 | +0.0053 |
| 30 YR Treasury | 4.5382 | +0.0085 |

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

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