



**Rich E. Blanchard**

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## UPDATE: Bond Markets Reacting to Weaker Than Expected Data

- March Retail Sales -8.7 vs -8.0 forecast, -0.4 previously
- April NY Fed Manufacturing -78.2 vs -35.0 forecast, -21.5 previously

While it's not massive, the bond market is actually reacting to the data. 10yr yields were trading near 0.68% before the two releases and have moved down about 1.5bps since then. The fact that we're seeing a noticeable reaction at all is impressive. There were offsetting factors inside each report.

Retail Sales data was offset by the 'core' reading. Excluding autos, gas, building materials and food services, sales were actually up 1.7%. Excluding only gas and autos, the damage was a less staggering -3.1%.

New York Fed's Empire State Manufacturing Index was definitely a shocker, but so was the internal component measuring the outlook over 6 months. It rose to 7.0 from 1.2 last month.

MBS have done less with the data than Treasuries, but are also up on the day, trading at 104-00 since 8am.



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## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM EST

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00

<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
<b>Mortgage Bankers Assoc.</b>			
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: 7/3

## 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.

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