



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](#)

MBS Recap: Unfazed by Strong Data and FOMC, Bonds Rally

Bond markets had a **great** day. Right from the start of the overnight session, Asian equities markets were pulling global bond yields and stock prices lower. The rally continued through the first half of the European session, which brought us near the best levels of the day just before ADP Employment data.

ADP is the sort of report that **can** definitely do a **lot of damage** to bond markets when it's much stronger than expected. Indeed, it was much stronger than expected today! But bonds didn't lose their composure. In fact, they didn't lose much ground at all--opting instead to simply level off and trade mostly sideways until the afternoon's FOMC Minutes.

Given that the FOMC Minutes merely serve as a **more detailed synopsis** of a story whose ending we already know (i.e. the Fed hiked rates at the December meeting), there was never much to be learned this time around. Contrast that to past instances where the Minutes have brought new info to light and had a big impact. In other words, the biggest variable in Fed policy was the hike itself, so the Minutes don't add anything enlightening. Markets traded accordingly with bonds ultimately trickling to the best levels of the day at the close.

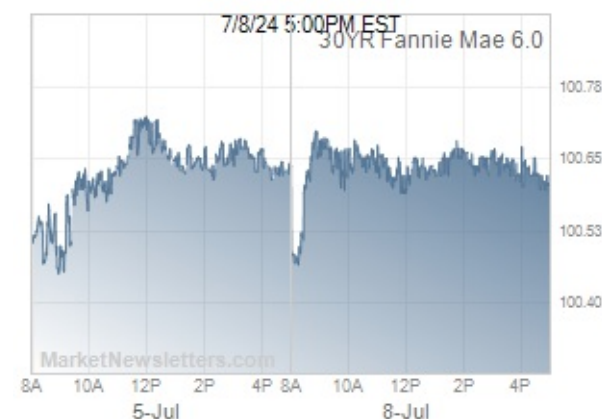
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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	0.00
MBS GNMA 6.0	100.72	-0.02
10 YR Treasury	4.2798	-0.0020
30 YR Treasury	4.4558	-0.0299

Pricing as of: 7/8 7:57PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.01%	-0.02	0.00
15 Yr. Fixed	6.41%	-0.03	0.00
30 Yr. FHA	6.48%	-0.02	0.00
30 Yr. Jumbo	7.22%	-0.02	0.00
5/1 ARM	7.03%	-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: 7/8

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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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