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The Day Ahead: Bond Rally Exhaustion Couldn't Come at a More Dangerous Time

Bond markets were able to put some green on the screen again yesterday, but that's not as positive a development as it normally is. We talk sometimes about bonds being **forced to rally** against their will and the past few days increasingly look like one of those times.

Wednesday's ADP data gave us a good opportunity to see this play out (bonds normally would have sold-off after such a big beat). Then Thursday's **massive stock market selling** at home and abroad only resulted in a modest improvement for bonds.



It seems like it's only a matter of time before the global flight-to-safety takes a break and bonds get their first opportunity of 2016 to go where it looks like they want to go (higher). Something like a much stronger than expected NFP number could be the sort of thing to catalyze such a turning point. In fact, NFP **couldn't come at a worse time** considering it looks like bond markets are already tired of rallying.

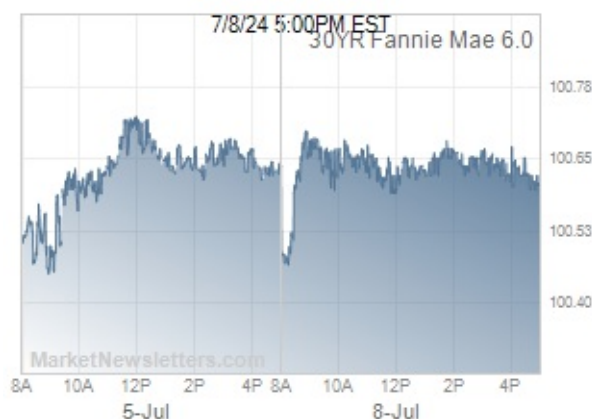
If NFP beats big and we **STILL** don't see a reversal of recent momentum, it would speak volumes to the legitimacy of fears surrounding the global economy.

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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	4.2803	-0.0015
30 YR Treasury	4.4651	-0.0206

Pricing as of: 7/8 5:44PM 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.

Rich E. Blanchard

