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## MBS Recap: Draghi Manages to Disappoint Everyone With One Phrase

- ECB unveils bigger-than-expected package of rate cuts and QE purchases
- Then Draghi says the magic words (in a nutshell: no more rate cuts)
- Stocks and bonds both pitch a fit
- Stay classy, financial markets

For a day with a ton of volatility and a seemingly large supply of moving parts, this one is **pretty easy to boil down**. Everything was going according to the ECB's plan in the morning (that's the European Central Bank, by the way, and Draghi is the guy in charge): a larger-than-expected campaign of policy accommodation was just announced, stocks were rallying, bond markets were overcoming their initial jitters, and the Euro was going right where the ECB wanted it: down, down down.

Then Draghi said something very logical in a stupidly candid way during the press conference that began at 8:30am. Here was the newswire that did the damage:

**RTRS - DRAGHI SAYS DON'T ANTICIPATE THAT IT WILL BE NECESSARY TO CUT RATES FURTHER**

That was it. **Game over** for all asset classes--at least for today. Stocks turned tail and proceeded resolutely toward negative territory. The Euro leapt in a major way--from multi-week lows to multi-week highs in a single bound.

European bond markets tanked and US bond markets tanked only slightly less. Could this merely have been a short-term tantrum to what, in retrospect, won't look like such a big deal? Sure, but it unfortunately became today's dominant theme. MBS outperformed handily, as they tend to do when Treasuries are tanking for European reasons. Fannie 3.0s only lost an eighth of a point on the day.

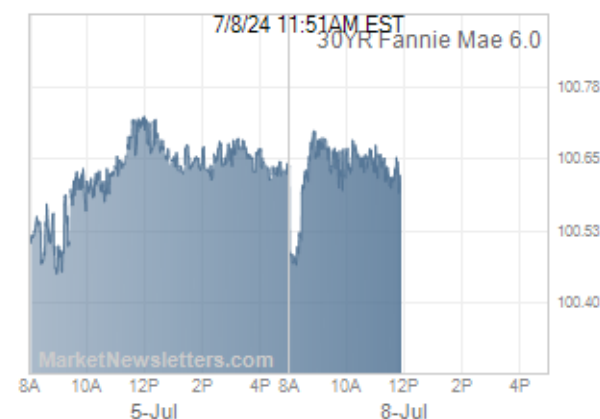
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## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.63	+0.01
MBS GNMA 6.0	100.77	+0.04
10 YR Treasury	4.2876	+0.0058
30 YR Treasury	4.4768	-0.0089

Pricing as of: 7/8 11:51AM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	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: 7/8

## 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.

**Rich E. Blanchard**

