



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](#)

The Week Ahead: Action-Packed, With Month-End and NFP

As bond markets continued to grind sideways, seemingly unable to (or "not yet willing?") to break below some key technical levels (see chart), this week will provide enough data to **tip the scales** in one direction or the other. In fact, it's not just economic data that will help decide our near term fate, but also a concept that we've been discussing more and more lately: **tradelows**.

I use the term "**tradelows**" somewhat loosely to refer to the broader phenomenon of market participants opening and closing long or short positions. For example, an insurance fund or large asset management firm might have opened a new "short position" as rates began rising. When rates break through a certain target and then fall back below that target, the account with the short position would then "cover" or buy back the bonds they sold short when rates were lower. In this sense, "short-covering" is "profit-taking." This is one way that **tradelows** can step in to stop a sell-off.

Bottom line, "tradelow" is a catch-all term that references everything happening "**behind the scenes**" in the trading world. For example, seeing MBS Prices or 10yr Yields move a certain amount of 32nds or basis points is something that we can observe on this site. But there are so many reasons those moves could be taking place, and while those reasons are occasionally easy to see, other times they could be the result of certain types of accounts closing or opening certain positions with other account types adjusting their own positions in response. That's not the kind of information that can be conveyed with a simple "+0-04."

Tradelow considerations **increase** at the end and beginning of any given month as some traders have certain positions they are required to hold by month-end and subsequently can close those out and put on new positions at the beginning of the next month. With that in mind, Thursday is the last day of the month this month and Friday will bring a **rare** 1st day of the month release of **NFP** (it's typically delayed until the 2nd Friday in those cases). The net effect is a potentially big dose of motivation for bond markets to either break through or bounce on the recent middle-of-the-roade technical boundaries around 1.90% in 10yr yields.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.64	+0.03
MBS GNMA 6.0	100.76	+0.02
10 YR Treasury	4.2803	-0.0015
30 YR Treasury	4.4735	-0.0122

Pricing as of: 7/8 10:02AM EST



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



Subscribe to my newsletter online at: <http://housingnewsletters.com/richhomeloans>

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

