

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
richblanchard@richhomeloans.com
View My Website

The Day Ahead: Bernanke, Japan, Bank of England, and Reflation

Back in the good old days during the infancy of the financial crisis, much was made of Bernanke's study of Japan's massive, long term, secular deflationary cycle. Bernanke figured there were clear lessons to be learned from what, at the time, seemed like mistakes made in Japan.

The best way to sum up those 'mistakes' would simply be to say that Japan's monetary policy response to its deflationary problems was **"too little, too late,"** and that it would ideally be coordinated with a fiscal response (where "monetary policy" refers to what the central bank does and where "fiscal policy" refers to what the government does).

As you might remember from some of Bernanke's more passionate exchanges with his friends in Congress, The Fed generally felt like its hands were increasingly tied and that more of a **fiscal** response was needed (as opposed to monetary policy being expected to act as the lone salvation of growth and inflation).

Bernanke's endgame for congressional inaction was so-called "**helicopter money**." It's exactly what it sounds like: the Fed would figuratively drop money from the sky for the general public to gobble up, but with the important promise being that more money was on the way. This, Bernanke figured, was the way in which Monetary Policy could still have teeth even when Fiscal Policy had failed (or simply didn't even try).

It never quite came to that in the US (or it hasn't **yet**...), but it may come to that in Japan, where policy rates have been under 0.5% since 1995. In fact, speculation has been increasing that Japan will announce "something new" at this month's policy meeting.

The **frosting on the proverbial cake** of speculation has been a series of visits to Japan by Bernanke himself. During those visits, he's been in closed-door meetings with the Japanese Prime Minister and the head of Japan's central bank. With no press coverage allowed and no on-record comments from any of the parties involved, you know they're not just getting together for some friendly chit chat.

Speculation is that Bernanke is consulting on the world's first ever Helicopter Money drop. It would be just another in a series of increasingly desperate measures to re-stoke the fires of inflation. Meanwhile the Bank of England is likely to hum a few bars of the same tune on Thursday when it (probably)

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.43	-0.62
10 YR Treasury	4.9860	+0.0952
30 YR Treasury	5.3557	+0.0737

Pricing as of: 11/10 5:59PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.30%	+0.12	0.00
15YR Fixed	6.92%	+0.09	0.00
30YR FHA	6.89%	+0.07	0.00
30YR Jumbo	7.40%	+0.03	0.00
7/6 SOFR	6.80%	+0.31	0.00
30YR VA	6.90%	+0.07	0.00

Rates as of: 11/10

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/richhomeloans

announces a **cut** to its policy rate.

Every time central banks up the ante on the aforementioned desperation, a bit of a **ripple** goes through financial markets where traders express a bit of fear about "the reflation trade." In other words, one trader might say to another: "damn, it really looks like these crazy bastards are serious about trying to get some inflation going. They probably can't pull it off, but what if they do?"

"What if they do" is a question that is expressed in this week's bond market weakness--at least in part. We're also finally dealing with that technical pull back that **never really materialized** on the first few days of moderate weakness after hitting all-time low bond yields.

In other words, yes... this is one of those periodic pull-backs. We don't know how long it will last, but the **best case** is that we see a consolidation and bounce back after the week's auction cycle ends tomorrow. Markets could be waiting for Thursday's Bank of England announcement, however, or even Friday's domestic economic data to corroborate the rosier picture painted by last week's NFP.

If bonds indeed move weaker, I'm primarily **interested in the 1.53% area i**n 10yr yields as a battleground where inclined buyers would have a major opportunity to get back into the market. If we see a nice, big bounce there or before, it's a good thing, and we can consider the past few days to have been a healthy pull-back. If yields blow through 1.53 and head higher, we'll know a new game is afoot.

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 

© 2026 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/richhomeloans