



## Rich E. Blanchard

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## The Day Ahead: Bonds Head to Tribal Council, Econ Data Casts Votes

Even if you're like me and have only watched survivor a few times, that's enough to understand the dynamic in bond markets today. Bonds can "survive" by holding under 1.59% in terms of 10yr yields and they can thrive (win the immunity challenge?) by breaking below 1.52%. They actually **did** have immunity for a while at the end of last week, but this has been a new week. Specifically, they've have since spent the last 2 days **rejecting** that break below 1.52%.

Each new instance of major economic data between now and Friday's NFP is like another trip to tribal council. Longer term momentum (lower pane of the following chart) is **right on the edge** of shifting back toward higher rates.



The ADP Employment report just cast its vote to start the day and bonds were allowed to remain on the island. Had ADP been in a more bullish mood, we could **easily** be looking at a run to the upper limits of the range. Conversely, if ADP had tanked, we'd likely be trying to break below 1.52% again. The day's **most important** data will hit at 10am with ISM Non-Manufacturing, but the final and most important votes will be cast by Friday's

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	+0.22
MBS GNMA 6.0	100.74	+0.21
10 YR Treasury	4.2969	+0.0151
30 YR Treasury	4.4956	+0.0099

Pricing as of: 7/8 1:55AM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
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

NFP data.

Throughout this process, keep in mind that the data would need to be **very strong** in order to make markets think that a Fed rate hike is more likely. So "as-expected" data probably won't be able to cast too many votes to kick bonds off the island.

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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**

