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A Message from Rich E. Blanchard:

"No trend no friend"

The Week Ahead: Jackson Hole Week Begins With Weakest Trend Since 2009

By the end of this week--and quite possibly for the next several weeks--you'll be **tired of hearing about Jackson Hole**. I know I'm already tired of writing about it, but alas... what else is there to write about?

My lamentation captures the essence of the current bond market disease. It could easily be adapted to: "what else is there to trade about?"

In this day and age, there are **only 2 major market movers:** the "herd mentality" surrounding global growth concerns (e.g. Brexit panic in late June) and monetary policy. The latter is a broad topic, encompassing simple rate-setting policy, bond-buying programs, forward guidance, and the market's horse-trading of all of the above. With that in mind, Jackson Hole takes on a high level of importance, because it is perhaps one of the best venues for forward guidance.

Why is that? What is Jackson Hole?

Do you have any friends (or maybe it's you?) who host an annual get-together with some sort of subtle, implied theme? Maybe it's an **"end of summer margarita party,"** but the invitations mention neither summer, nor margaritas. The Jackson Hole symposium is somewhat similar. It may as well be called the "end of summer fireside chat with the Fed Chair and other influencers of monetary policy."

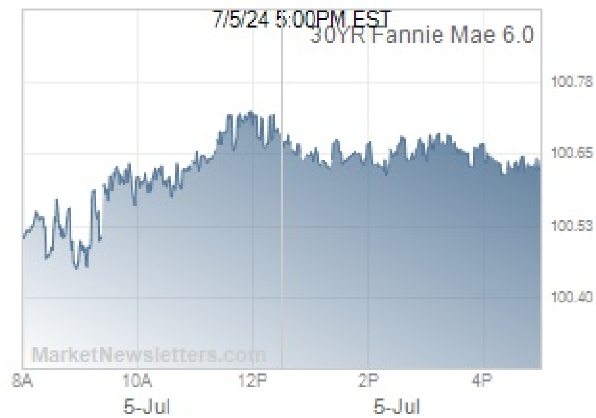
Granted, this isn't something that the Fed Chair MUST attend (indeed, Bernanke skipped it in 2014), but that would be the exception. More often than not, it's seen as one of the most important speeches of any given year by the Fed Chair--one that offers the most **candid preview** of what's in store for monetary policy. At present, that makes it seem like a great time for the Fed Chair to get a bit more loose-lipped and dish on September vs December rate-hike potential.

Bond markets are certainly **on the edge of their seats** for just such an eventuality. We haven't experienced LESS of a trend (consistent directional movement higher or lower) since late 2009.

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	4.2930	+0.0112
30 YR Treasury	4.4895	+0.0038

Pricing as of: 7/7 11:47PM 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

While Jackson Hole is, indeed, hitting at an ideal time for the Fed Chair to do the aforementioned dishing, the Fed Chair is unfortunately Janet Yellen, and she's no Bernanke. Bernanke was less of a consensus-builder--less open to changing his point of view based on the discussion among FOMC members--and more of a "decider." Yellen, on the other hand, **may actually have no idea** what the Fed will do in the coming months--a fact she may well share with us this Friday, albeit in slightly more words.

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