



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](#)

MBS Recap: Bonds Bail Early For 3-Day Weekend

Happy Labor Day weekend, everyone. Gotta close out some longs, but may jump back in on Tuesday.

Cheers,
 Bond Buyers

That's the short version of today. It's not much different from the long version. I suppose it would be considered poor form to not mention NFP after a week where some journalists and analysts went as far to call it "**the most important NFP ever.**"

I'm proud to say I was **fairly puzzled** by that. The most credit I would have given today's NFP was due to the fact that it happened to be occurring just as bonds are running out of room in their consolidative triangle (thus implying a greater likelihood of a salient reaction).

But alas! Even with all the high stakes drama-mongering, this NFP reaction would be **hard to pick out of a lineup** with other market movers. Just in the past week, we've had 3 bigger days, thanks to Jackson Hole, its subsequent correction on Monday, and yesterday's ISM Manufacturing miss.

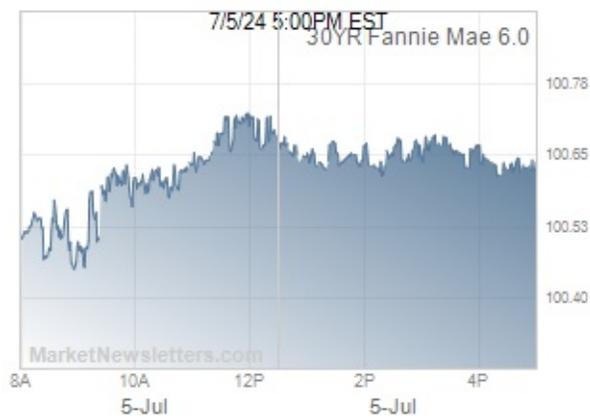
The first reaction to today's NFP data was a move toward lower yields in bonds. Shortly thereafter, yields bounced and drifted into the afternoon near their highest levels of the week. This reversal is consistent with an **abundance of "longs"** (bets on bonds improving) deciding to close out ahead of a 3-day weekend. Not an uncommon phenomenon when the rest of the world will be trading on the Monday while the US celebrates Labor Day. It happened to work against us this time, but it didn't change much about the bigger picture. We're still on the less comfortable side of the recent range--still waiting to see which way we break.

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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	4.2925	+0.0107
30 YR Treasury	4.4886	+0.0029

Pricing as of: 7/7 11:49PM 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

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Rich E. Blanchard

