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## The Day Ahead: After ECB Leaves Policy Unchanged, Markets to Focus on Draghi

Mario Draghi is the President of the European Central Bank (ECB). He's Europe's version of Janet Yellen, for lack of a more eloquent description. That is to say, when he speaks, **markets listen**.

They'll be listening intently this morning as the day begins with the ECB having held policy rates and bond buying timelines **completely unchanged**. It's not necessarily that markets were expecting any new easing measures from the ECB, but you never know what will be announced by any given central bank in the current environment.

Financial markets have grown **utterly dependent on central banks** in order to prop up a meaningful percentage of asset prices--a fact that's evident in the following chart. Simply hearing that the ECB wasn't going to expand its easing efforts, bonds and stocks lost ground.



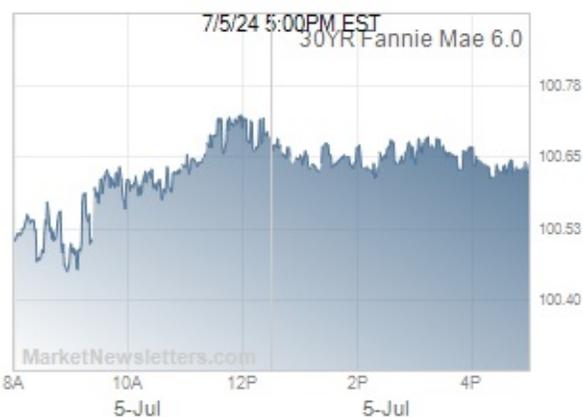
The ECB does things a little differently than the Fed in that Draghi's post-announcement press conference can often unveil completely new policy changes, even if they weren't included in the announcement released 45 minutes prior. As such, markets will now turn their attention to parsing Draghi's comments in order to gauge the likelihood of future easing. For now, the status quo from the ECB is being taken as a **net negative** for bond markets.

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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 |
|--------------------------------|-------|--------|--------|
| <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   |
| <b>Mortgage Bankers Assoc.</b> |       |        |        |
| 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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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**

