



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](#)

A Message from Rich E. Blanchard:

"Emphasis on 'Premature'"

MBS Recap: Bonds Unhappy About Alleged Taper Tantrum Reprise

Bonds tanked today and at first glance, there weren't any great explanations as to why. But headlines quickly surfaced regarding the European Central Bank coming to a consensus on the need to reduce asset purchases. What the heck does that mean?!

The narrative is actually pretty simple. **Remember the taper tantrum** in the US? There were some hints about a European version earlier in the month when Draghi abstained from promising an extension of the European Central Bank's (ECB) bond buying program--something he's normally fairly happy to do when we're getting this close to the end of the allotted time.

This could be the ECB's way of **testing the waters** for a more official statement about their intent to taper asset purchases. Another step may have been taken today in the form of an anonymous media tip, allegedly from within the ECB, saying they were near consensus on tapering.

While Draghi may **deny** that the council has discussed extending asset purchases, that won't stop markets from wondering if he's telling the whole truth. nor will it change the fact that the ECB is likely to follow the Fed's slow tapering example at some point.

Why does all this matter to the US mortgage market? **Simply put**, global central bank stimulus has been creating huge excess demand for sovereign debt around the world, including US Treasuries. Demand for that debt spills over to closely-related debt such as the Mortgage-backed-securities that underlie mortgage rates.

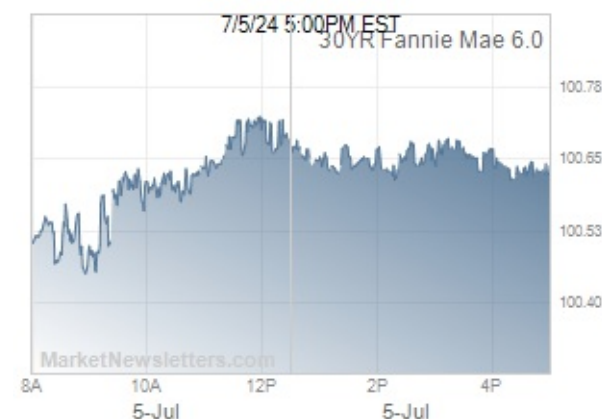
This isn't the sort of thing that will immediately launch domestic mortgage rates over 4%. But we could be in the midst of a general turning point from recent all-time lows back toward slightly higher rates in the coming months. That's a bit premature at the moment, but if you're wondering why bonds were able to sell off so quickly without apparent justification, it's the **FEAR** of that "turning point" that did the trick. The **ACTUAL** confirmation of ECB tapering would be a much bigger deal.

Subscribe to my newsletter online at:

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	4.3003	+0.0185
30 YR Treasury	4.4951	+0.0094

Pricing as of: 7/7 9:56PM 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

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

