



Rich E. Blanchard

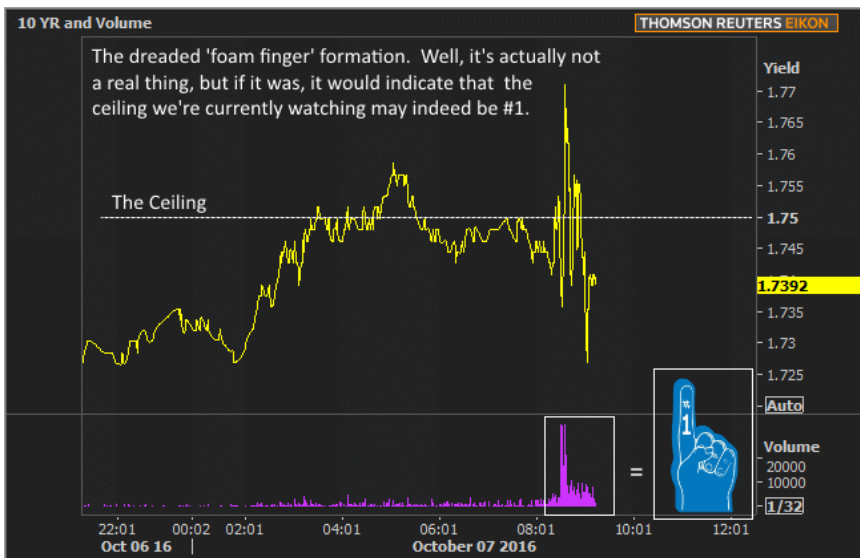
Managing Director, RICH Home Loans LLC
 NMLS: 492461
 1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900
 Mobile: 303.328.7047
 Fax: 214.975.2874
richblanchard@richhomeloans.com
[View My Website](#)

The Day Ahead: Is There Hope For Bond Markets After a Decent NFP?

The rest of the day will be all about bond markets sorting out their reaction to this morning's decent NFP numbers. Payrolls hit 156k in September, slightly less than the 175k forecast, but representing **only a small "miss"** as far as NFP results are concerned (the average September miss is a whopping -82k). Bonds reacted with extreme volume and volatility at first, with several jumps toward stronger and weaker levels.

As of now, we look to be holding the line we were hoping to hold as yields are generally bouncing at the 1.75% ceiling we've been watching. Granted, there have been a few moments where yields were higher in the immediate wake of the data, but things aren't always perfectly neat and tidy when comes to trading levels bouncing at technical levels. The newly-minted **"foam finger" formation** says our team has a chance.

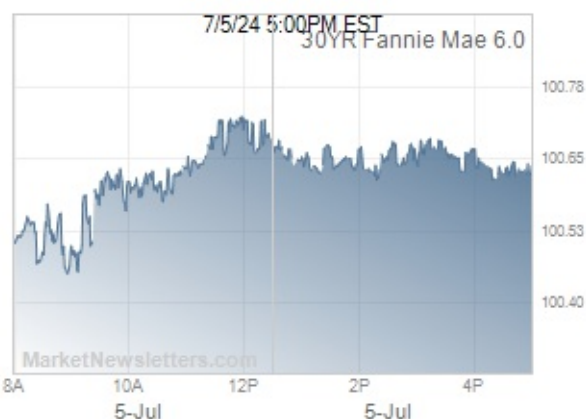


For context, here is the inflection point upon which **"the ceiling"** in the previous chart is based. Note the consistent bounces in the first half of the year when the inflection point acted as a floor, followed by a sincere test of the same level as a ceiling just before Brexit. It acted as a ceiling yet again 3 weeks ago and we hope for a repeat performance now.

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	4.2808	-0.0010
30 YR Treasury	4.4721	-0.0136

Pricing as of: 7/7 7:37PM 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

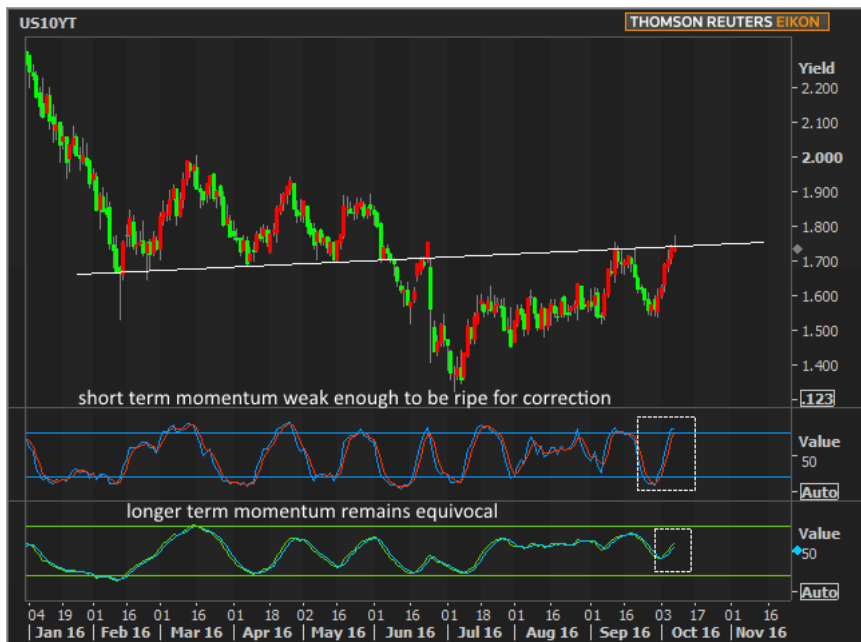
Freddie Mac

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



The chart also mentions momentum technicals. Let's discuss the blue/red one--aka slow stochastics. These lines tend to move fairly quickly in whatever direction yields are moving, but they tell us a bit more than yields alone. Specifically, when they reach the upper boundary, they've entered "oversold" territory, which is the first precursor for a bounce. Sometimes short term momentum will spend more time in oversold territory (as it did in early March), but it at least tells us we've seen enough weakness to have a chance at bouncing.

For all the talk about NFP and domestic rate markets, it's **important** to pay attention to the rest of the financial world. It could be the case that developments in European markets will overshadow domestic considerations at times. This has certainly been the case on a few recent occasions. With that in mind, the next ECB Announcement is coming up in less than 2 weeks (10/20/2016), and that could add a lot of clarity to the European taper tantrum fears that have recently been pressuring bonds into weaker territory.

Subscribe to my newsletter online at: <http://housingnewsletters.com/richhomeloans>

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

