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## MBS Recap: Inconsequential Volatility Inside a Range

Bonds began the day roughly unchanged and rallied in the morning hours along with European bond markets. Most of the volume was in before 9:45 and the remainder of the day's trading took place inside the range set during the preceding 90 minutes (effective, the first 90 minutes of domestic trading). That's the market's way of telling you it's **tuned out**.

With the ECB having punted on their opportunity to address tapering, bond markets are **at a bit of a loss** when it comes to motivation. Normally, if a central bank was expected to say something about tapering and then said nothing about it, that would be a good thing for bond markets. Instead, ECB President Draghi said "nothing lasts forever," and further suggested that we'd hear more at the December meeting.

Thus, what **could have been** a statement to the effect of "we're not tapering," was instead taken as "we're not tapering yet, and we'll tell you what we've decided in about 6 weeks."

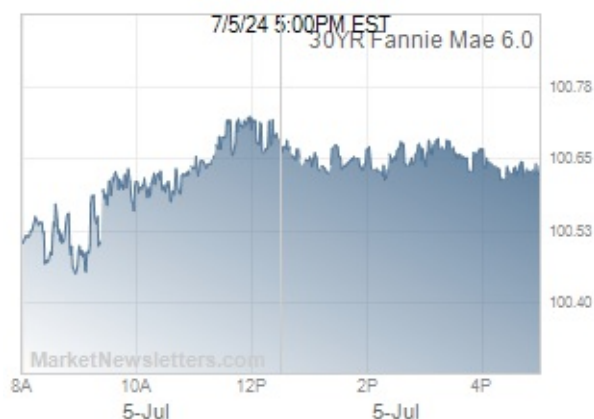
That makes the next 6 weeks a confusing time to take a stand as a bond trader. You could bet on the ECB announcing another extension by buying more bonds. You could bet that they'll at least officially introduce a framework for tapering by selling bonds. Or you could wait and see how it all shakes out by trying to stay more neutral and not going for any big scores. Option 3 is the **only logical answer** until/unless something changes, and it's evident in the volume and volatility that have followed yesterday's ECB news (none and none, respectively).

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## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.61	<b>+0.22</b>
MBS GNMA 6.0	100.74	<b>+0.21</b>
10 YR Treasury	4.2808	<b>-0.0010</b>
30 YR Treasury	4.4721	<b>-0.0136</b>

Pricing as of: 7/7 7:37PM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.03%	<b>-0.05</b>	0.00
15 Yr. Fixed	6.44%	<b>-0.01</b>	0.00
30 Yr. FHA	6.50%	<b>-0.05</b>	0.00
30 Yr. Jumbo	7.24%	<b>-0.01</b>	0.00
5/1 ARM	7.05%	<b>-0.02</b>	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	<b>+0.09</b>	0.00
15 Yr. Fixed	6.25%	<b>+0.09</b>	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.03%	<b>+0.09</b>	0.62
15 Yr. Fixed	6.56%	<b>+0.09</b>	0.54
30 Yr. FHA	6.90%	<b>+0.11</b>	0.95
30 Yr. Jumbo	7.11%	<b>-0.01</b>	0.50
5/1 ARM	6.38%	<b>+0.11</b>	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**

