



**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](mailto:richblanchard@richhomeloans.com)  
[View My Website](#)

## MBS Recap: Untested, Controversial Polling Tool is Good Enough For Traders

Market participants are **HUNGRY for information** on election day! While that comes as no surprise (indeed, traders always want to know what's going on), today's events have highlighted the extent of that hunger.

We're talking about the type of hunger that leads to disregard for nutrition, taste, or food safety.

It's not that the meal in question might not be nutritious, tasty, or safe to eat-- just that it doesn't seem that markets cared about any of those things in today's case. They simply consumed the available data and traded accordingly.

On today's menu was the **latest craze** in early election forecasting, which, by its own admission, is **controversial and potentially inaccurate**. [Here's a critique](#), if you're wondering what could be wrong with it. Conversely, it could end up being amazingly accurate too. The point is that know one really knows.

The Votecastr platform increasingly showed Clinton pulling away in battleground states late this morning, and markets reacted according to the Trump V Clinton trading script: buy stocks, sell bonds.

**A few caveats:**

Clinton was already in the lead according to most polling, so there was **no massive revelation** here. Markets were already mostly in position for a Clinton victory, but naturally wouldn't be all the way in position until victory was assured.

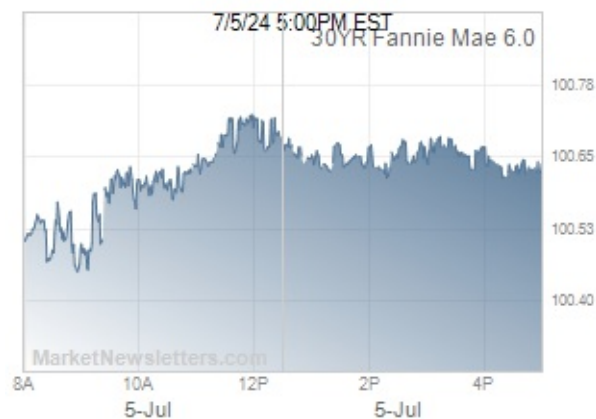
This, in addition to the fact that there are still bigger fish to fry (like next month's ECB announcement where Europe might start its own taper tantrum), made for an overall sell-off that only **looked like a big deal** on **shorter-term** charts. In the grand scheme of things, a 3bp sell-off in 10yr yields is nothing. At many points in history, this could simply be referred to as "Tuesday." But the sell-off hit almost all at once, and focused on only one source of inspiration, so it felt like a bigger deal than it will prove to be in hindsight.

The following charts show the **apparently abrupt** nature of the mid-morning move as well as some bigger-picture perspective on the longer-term 10yr yield candlestick chart.

### 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	4.2818	<b>-0.0784</b>
30 YR Treasury	4.4857	<b>-0.0440</b>

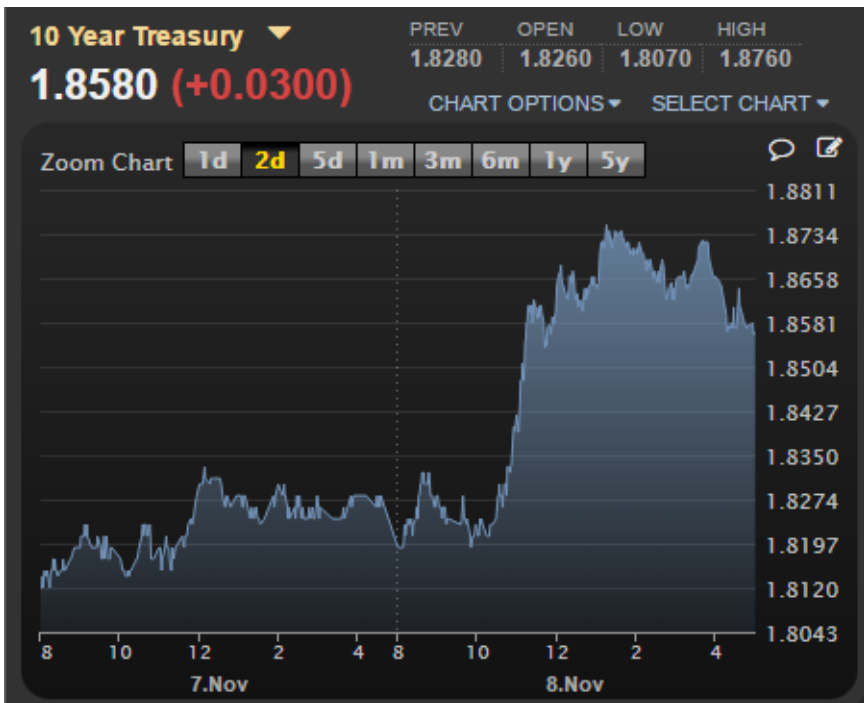
Pricing as of: 7/5 5:59PM EST



### 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





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

