



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 Week Ahead: Bonds Try to Keep Big-Picture Hope Alive; Light Data Calendar

There is **almost no significant economic data** on tap for this week. Friday is really the only contender with Import/Export Prices and Consumer Sentiment. Neither of those are typically big market movers, but both may get more attention than normal due to their inflation implications (Consumer Sentiment speaks to inflation via its "inflation expectations" components).

Potential market movers are on the calendar though. This is a **Treasury auction** week, and it's the more relevant rotation (3, 10, and 30yr on Tue, Wed, and Thu respectively). The 3yr doesn't tend to move markets for MBS and longer-term Treasuries, but with a crazy enough result, anything's possible.

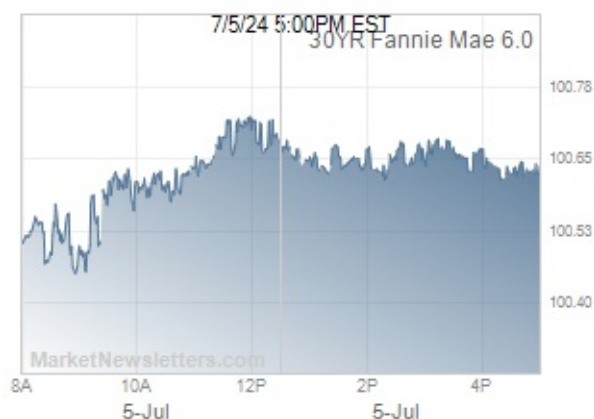
The 10 and 30yr auctions will continue the discovery process that lets traders know more about how other traders are feeling. Seems a bit simplistic, I realize, but there are **revelations to be had** at auction that aren't necessarily available in day-to-day trading. There's no guarantee we see them, but they are possible.

As for the technical backdrop, yields have been consolidating in their sideways post-election range. As of late last week, we saw the early signs of a **potentially friendly break**, and it looks to be extending (continuing) to begin the current week. The current technical goal would be to break through the 2.38-2.42 zone, which has acted as resistance since January 23rd.

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	4.2818	-0.0784
30 YR Treasury	4.4857	-0.0440

Pricing as of: 7/5 5:59PM 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



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