



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](#)

ALERT: Stronger Data Pushes Bonds Out of Consolidation Range

- Retail Sales +0.4 vs +0.1 forecast
- CPI +0.6 vs +0.3 forecast
- Core CPI y/y +2.3 vs +2.1 forecast
- NY Fed Manufacturing +18.7 vs +7.0 forecast

None of this is good for bond markets--a fact that's evident in the quick sell-off that's followed the data. We'd normally look for some saving graces in the 'internals,' but there really aren't any in this case. Even when we strip out autos and gasoline from Retail Sales, we're left with +0.7 vs +0.1 previously. The best we can do is to further remove building materials and food services which leaves a more sober +0.4 vs +0.3 gain (but also revises Dec to +0.4 from +0.2 previously).

CPI isn't doing us any favors. The headline is bad enough but the Core reading is more damaging (+2.3 vs +2.1). Although CPI isn't the Fed's favorite inflation metric, anything that's reading over 2% is adding to the already compelling case for a March rate hike.

Bonds have responded accordingly by moving to their weakest levels in more than 2 weeks. 10yr yields are up 4bps at 2.513 and Fannie 3.5s are down a quarter point at 101-26 (if you have overnight price protection, now would be the time...).

This reaction means we may soon be testing out the negative scenario from the [Day Ahead](#), in which yields break the consolidation (diagonal) trendline and proceed to test the 2.53% pivot point (horizontal teal line).

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



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

