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The Day Ahead: More Econ Data and "Month-End," But Trump Speech Looms

Today is the last day of February. 'Month-end' is different than other days for bond markets because it serves as a deadline for money managers to match their holdings with various indices. Long story short, when a particular fund says it holds x% of US Treasuries, the fine print typically stipulates that those Treasuries have an average duration based on an index. The index's main purpose is to **track the overall Treasury market**, thus allowing money managers a no-brainer decision when it comes to adjusting their mix of long/short duration bonds. MBS Live members can read the more detailed primer [HERE](#).

Month-end usually has a moderately positive effect, all other things being equal. That said, we began to discuss early potential month-end buying as one of the sources of last Friday's gains. That **could make the effects smaller** today.

Even then, month-end rarely accounts for the lion's share of momentum in any given day. Today has other factors vying for attention. The econ calendar is moderate with the 2nd reading of **GDP** at 8:30am. **Chicago PMI** at 9:45am can occasionally make for a noticeable market response, but it's no guarantee. Finally, **Consumer Confidence** at 10am is the same sort of on-again/off-again market mover.

All of the above may be **muted** by the impending Trump speech tonight. Market participants are actively debating whether politics, The Fed, economic data, or global markets/events are the most important trading considerations at the moment. A big enough contingent believe in the "US politics" category that tonight's speech should be viewed as a potential game-changer for the range (which has continued to avoid confirming a breakout, despite several recent "tests").

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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