



## Rich E. Blanchard

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## The Day Ahead: Here Comes The Fed

If you've caught essentially **any** post in the last few weeks, there's nothing left to say about today. If, however, this is your first time reading this commentary, welcome! Here's a run-down of the current situation and the day ahead.

There are several economic reports this morning and they're **typically fairly big** in terms of their ability to move markets. These include Retail Sales and Consumer Prices at 8:30am.

On any other day, those reports might be the star of the show, but today they'll be **completely overshadowed** by the afternoon's Fed events (the data can have an impact at 8:30am, but the Fed will have a much bigger impact at 2pm).

More than most any recent Fed meeting, today's has the market's attention. The Fed has two varieties of announcement days. Let's call them **"big" and "little."** On little Fed days, we just get an announcement (the official Fed policy statement). On big Fed days, we get the announcement as well as the Fed's updated economic projections and press conference with the Fed Chair.

Today is a **big** Fed day. It also follows December's big Fed day where the economic projections surprised markets. The projections are **most notable** for providing an outlook on the Fed's rate hike timeline. Investors are pretty sure those forecasts will point to faster rate hikes. Today's meeting is important because the notion of accelerating the rate hike outlook is a very recent phenomenon. There's more uncertainty about it as a result.

Before December, the rate hike outlook was typically characterized by revisions calling for **fewer and fewer** rate hikes than previously anticipated. If there's an acceleration in the outlook today, it would confirm a new trend in the Fed's thinking. If the acceleration is big enough, it could easily push rates well into the **highest** levels in more than 3 years.

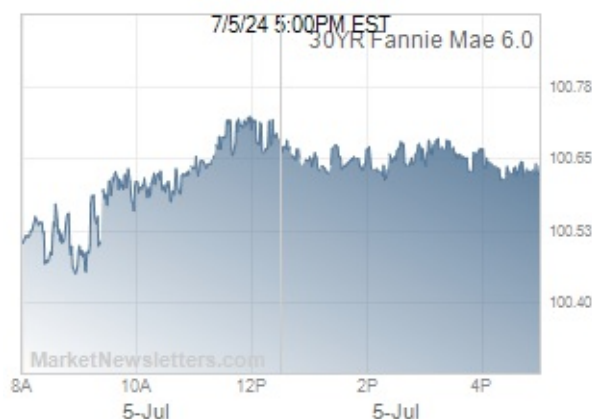
The forecasts are released with the announcement at 2pm. Then Yellen's press conference will also hold market moving potential at 2:30pm. The forecasts are the **biggest potential flashpoint**, but if Yellen indicates that the Fed actively discussed curtailing its balance sheet reinvestments (which **STILL** account for almost all buying demand for newly-minted Fannie/Freddie mortgages), we'll definitely feel it.

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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	4.2818	<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

## 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**

