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MBS Recap: Bonds Pull Back For 2nd Day Amid Healthcare Limbo

Rarely has something so "off the radar" become such a focal point for financial markets as this week's vote on a healthcare revamp to replace the Affordable Care Act. Rather than stand on its **own** merits as a market mover (because those would be underwhelming), the healthcare vote has come to represent more of a **vote of confidence** in the Trump administration's ability to get its other policies through the political system.

When we consider that those policies are responsible for the big move in bonds and stocks seen at the end of 2016, it's not hard to imagine that **a lot is at stake here**.

The past 2 days of trading tell us that bond markets are in a **neutral position** and waiting to see what's what after the healthcare vote. In any event, the rally that began after the FOMC Announcement was officially over as of yesterday and the next phase of momentum is up in the air.

Today did bring a few economic reports. The most interesting example was the stronger-than-expected New Home Sales data (592k vs 565k forecast). But that **paled in comparison** to a few letters here and a few letters there--as long as they were letters in newswires pertaining to the healthcare vote.

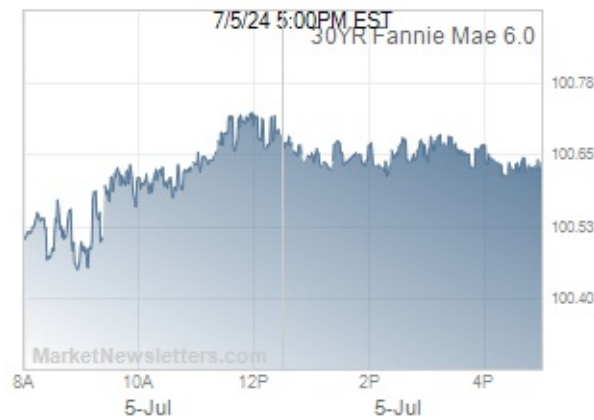
Theoretically, the vote will take place **tomorrow morning**. Volatility potential is elevated.

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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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Rich E. Blanchard

