



**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](mailto:richblanchard@richhomeloans.com)  
[View My Website](#)

## The Day Ahead: Action-Packed With Fed, NFP, and Weekend Anxiety

It's an action-packed week for global financial markets, with several major motivations to consider. First and foremost, this is the first day of a new month. Just as the last day of any given month can be volatile due to "month-end trading," the first day of any given month can see the pendulum swing in the other direction. The last 3 days of April were all winners for bond markets, so the implied risk from a tradeflow perspective is for bond selling.

Beyond the general tradeflow risks, there are a few **big-ticket calendar events** to be aware of. The first of the two heavy hitters will be the **FOMC Announcement** on Wednesday afternoon. The prevailing belief is that the Fed is most likely to make changes to policy at the meetings that include a Yellen press conference (every other meeting).

This week's announcement does NOT include a press conference and thus, surveys and futures see less of a chance of a hike. Even so, markets will certainly be looking for clues as to the likelihood of a hike in the June meeting, as well as the tiniest hint of a change in the Fed's policy of reinvesting its bond market earnings back into bond markets.

The other specific calendar event is **Friday's NFP**. This Employment Situation (the official name of the jobs report) is slightly more important than previous iterations because it has a chance to confirm a shift in the long-term trend of 200k-ish payroll growth. Last month's NFP surprised the downside, coming in at only 98k vs a median forecast of 185k. Investors are also generally interested in the wage growth component of the data because it's seen as a precursor for inflation.

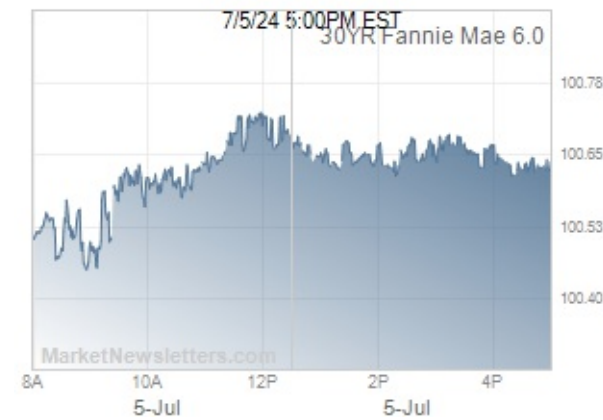
Even after NFP comes out on Friday morning, there's another layer of risk that could cause market volatility. The French runoff election happens on Sunday. Polls show Macron with a healthy lead over Le Pen. To whatever extent that changes by Friday, markets could react in a big way. The risk is fairly assymetrical in favor of bond markets. In other words, Le Pen is **good for bonds** and she doesn't stand much of a chance according to recent polls. If it looks like she stands more of a chance by Friday, it should result in bond market strength, all other things being equal.

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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
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
<b>Mortgage Bankers Assoc.</b>			
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

## 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.

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