



**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](#)

## ALERT: Illiquidity Distorting MBS Losses, But There is Some Risk

If you haven't read the primer on why MBS prices can suddenly tank, even when Treasuries aren't tanking, [here it is](#). Definitely read it once so you know what's going on when you see spikes in MBS prices that aren't accompanied by similar spikes in Treasuries.

The current situation is tricky because MBS illiquidity is indeed distorting price losses in MBS, but Treasuries are also breaking toward higher yields. If MBS were following Treasuries in their typical fashion, the MBS losses wouldn't be quite as steep, but they'd still be steep enough for the more aggressive lenders to begin to consider negative reprices.

Fannie 3.5s are down 3 ticks or 5 ticks on the day, depending on which microsecond you happen to be viewing. This is between 6 and 8/32nds from the highs of the day. The 6/32nds of weakness is more realistic, but still enough for reprice risk. 10yr yields are now up half a bp to 2.226, their domestic session highs.



Subscribe to my newsletter online at:  
<http://housingnewsletters.com/richhomeloans>

### 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

## 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**

