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## The Day Ahead: Tomorrow Remains in Focus Even if Things Get Crazy Today

One never knows what to expect on the relatively data-free day ahead of a minefield of potential market movers 24 hours later. To be clear, we're talking about today as that data-free day and tomorrow as the **minefield** (British election, Comey testimony, ECB Announcement).

As I said on Monday, bond traders are **generally interested in finding their seats** before the big show and then simply waiting for the show to begin. Asian/European markets suggested US bond markets adjust their seating position by just a bit (geopolitical risks in the Middle East plus headlines about Chinese officials saying they would buy more US Treasuries), but the broader theme remains intact.

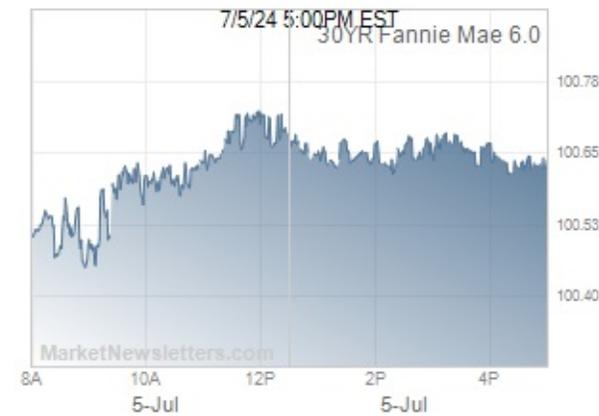
Actually, there are a **few broader themes**. First and foremost, we know that bonds are battling a long-term inflection point around 2.15% in 10yr yields. That's the lower end of "**the gap**" that was created in the days following the presidential election. But I wouldn't get too caught up in 2.15% itself, simply because we're truly dealing with BIGGER-picture trends. In hindsight, anything from 2.12-2.19 will look narrow enough to be considered an "inflection zone." Incidentally, the chart below has several pivot points inside that zone--all of which are suggested and well-supported by recent market movements.

Slightly less broad, but a theme nonetheless, is the **confirmed downtrend** in yields that's been intact since mid-May. Breaking above one of these trendlines would be a first-line defensive trigger for risk-averse clients who are floating, but who have the option to lock ahead of tomorrow's riskier events.

### 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>

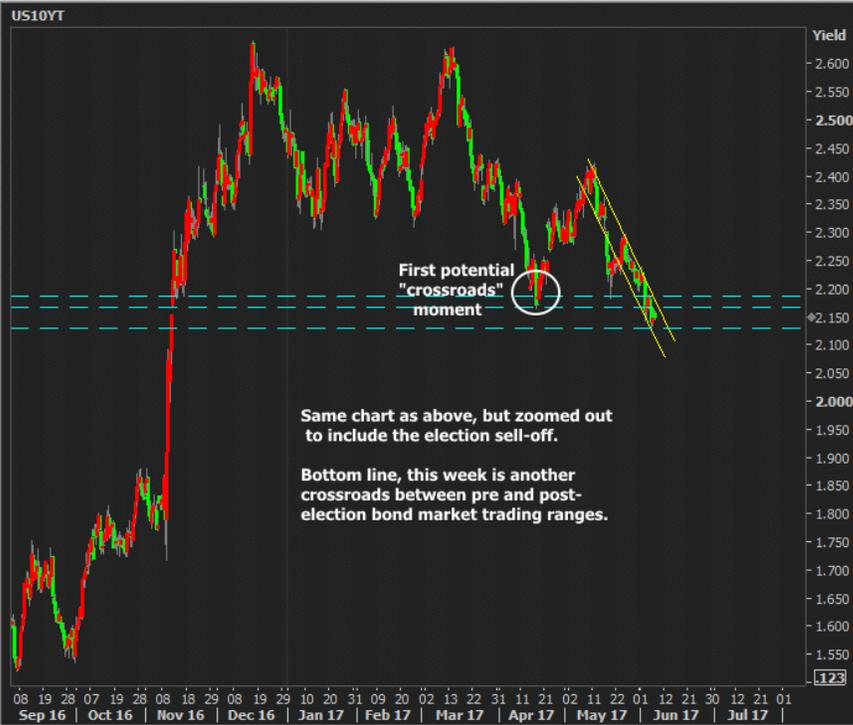
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### Average Mortgage Rates

	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



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