



## 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](#)

## UPDATE: Strong 5yr Auction Stats Help Bond Markets Dig In Ahead of Fed

Lots of potentially-confusing auction-related jargon follows... Read [THIS](#) if you're not familiar with it.

- 5yr auction high yield: 1.884 vs 1.897 expectations
- Bid-to-cover 2.58x vs 2.40x avg
- Indirect bidding 69.8% vs 63.6% avg

In and of themselves, these stats are very strong. In a vacuum (without consideration for recent trading patterns), this is an "A+" auction. When we consider yesterday's big selling spree, however, and try to imagine how the auction might have fared if it happened before that rise in yields, we can be quite certain the stats would have been much weaker.

In other words, it took a certain amount of weakness to facilitate these great results--an auction "concession," as market participants refer to it (lower bond prices making it easier for investors to bid).

Even with the caveats, it was **still** strong enough to have a noticeable impact on 10yr yields. Too, we might throw in a caveat in our favor, saying that auctions tend to be weaker ahead of Fed announcements (thus adjusting the handicap described above back toward more neutral territory).

In **super plain words**: recent bond weakness meant this auction should do better than average and the presence of the Fed announcement in less than an hour meant this auction should do worse than average. So the strong result shouldn't be disregarded on a technicality.

10yr yields agree, having **rallied** more than 0.01% in the past few minutes--now down to 2.323 after earlier highs of 2.337. Fannie 3.5 MBS are up to the highs of the day at 102-23.

The **Fed Announcement** is the next big to-do at 2pm.

## 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



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

## 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**

