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UPDATE: 2.0 Coupons Outperform as Fed Adds Them to Next Week's Menu

UMBS 2.5 coupons are at the lows of the day. In fact, a lender or two could even consider negative reprices based on the weakness (about an eighth of a point from the highs). 2.0 UMBS, however, are at the highs of the day. This is not-at-all a common phenomenon, and it has to do with the Fed adding 2.0s to their list of MBS purchases for next week.

While the total buying amount is lower, yet again, it continues dropping by smaller amounts each week. The token amount of guaranteed Fed support will instill some confidence for other market participants.

| Operation Date | Operation Time | Operation Type | Securities Included | Maximum Purchase Amount |
|------------------|---------------------|---------------------|----------------------------------|---|
| 5/04/2020 | 10:00 AM - 10:20 AM | 30-year Ginnie Mae | G2SF 2.5 G2SF 3.0 G2SF 3.5 | Maximum of \$2,200 million across 3 coupons |
| | 11:30 AM - 11:50 AM | 30-year Uniform MBS | FNCL 2.5 FNCL 3.0 FNCL 3.5 | Maximum of \$3,960 million across 3 coupons |
| This week | | | | |
| 5/11/2020 | 10:00 AM - 10:20 AM | 30-year Ginnie Mae | G2SF 2.5 G2SF 3.0 G2SF 3.5 | Maximum of \$1,833 million across 3 coupons |
| | 11:30 AM - 11:50 AM | 30-year Uniform MBS | FNCL 2.0 FNCL 2.5 FNCL 3.0 | Maximum of \$3,250 million across 3 coupons |

(i.e. slightly lower amounts, but buying 2.0 now)

10yr yields are up to their highs of the day currently (.674). There are no other relevant market movers in play at the moment.

MBS & Treasury Market Data

| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 6.0 | 100.39 | +0.19 |
| MBS GNMA 6.0 | 100.53 | +0.14 |
| 10 YR Treasury | 4.3602 | -0.0724 |
| 30 YR Treasury | 4.5297 | -0.0761 |

Pricing as of: 7/3 5:59PM EST

Average Mortgage Rates

| | Rate | Change | Points |
|----------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 7.08% | -0.05 | 0.00 |
| 15 Yr. Fixed | 6.45% | -0.02 | 0.00 |
| 30 Yr. FHA | 6.55% | -0.05 | 0.00 |
| 30 Yr. Jumbo | 7.25% | -0.04 | 0.00 |
| 5/1 ARM | 7.07% | -0.03 | 0.00 |

| | | | |
|--------------------|-------|-------|------|
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.86% | -0.01 | 0.00 |
| 15 Yr. Fixed | 6.16% | +0.03 | 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: 7/3



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