

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

View My Website

The Day Ahead: All You Can Do is Watch and React

Sometimes all the analysis and planning in the world can't prepare you for how something actually transpires. More than a few traders had plans heading into 2016. They would take the opportunities created by strong economic data to **push rates higher** between now and the time the economy finally started turning a darker corner. Then they could become bond buyers again and everyone would live happily ever after.

Their plans didn't work out. Almost **none of them planned** to see equities markets (and oil, and China) get as royally pummeled as they have been. Almost none of them planned on being forced to buy bonds as the flood of money out of "risk markets" needed a safer place to go.

I know a lot of people right now who are most sincerely concerned with preventing losses in their portfolios and retirement accounts at the moment. In hindsight, it's **so obvious**: the Fed takes the punchbowl away, the dollar gets stronger, emerging markets and commodities get hit, and almost every opportunity for investment growth gets scary. All of those lamentations from our bond market crowd on MBS Live over the past few years about the stock market's incessant ability to continue making logic-defying gains... Who would have thought it was as simple as the following?

"Stocks rally until the Fed takes the punchbowl away."

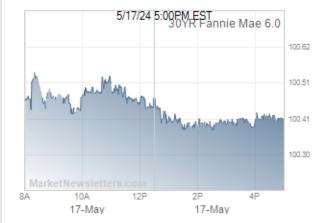
It seemed **too simple**—too reductive—at the time, but in hindsight, it's looking better all the time. Only time will tell, and thus we come to today's thesis. When markets are going as crazy as they have been so far in 2016, all bets are off. Something 'bigger' than normal is happening and all one can do is watch and react. If you want to get tricky about it, you could base your reactions on some objective metric.

For instance, 10yr Treasury yields have been pushing against their lower Bollinger Band (the squiggly yellow lines below) for 6 sessions now. If yields either go flat or move higher, they'll be breaking away from the lower Bollinger Band and the bounce will technically be a "reaction low" in yields. There are 2 or 3 different ways to react at that time with the most serious being to treat it as a definitive bounce. As Monday showed us, such a bounce is **never guaranteed** to be definitive. It would take a 2-day bounce that breaks the middle Bollinger Band before we had a stronger case for a longer term bounce. Folks who are 'watching and reacting' with objective metrics in mind might treat that 2-day bounce as their cue to get more defensive with respect

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.40	-0.15
MBS GNMA 6.0	100.78	+0.04
10 YR Treasury	4.4223	+0.0454
30 YR Treasury	4.5610	+0.0549

Pricing as of: 5/17 5:59PM EST



Average Mortgage Rates

•	0 0		
	Rate	Change	Points
Mortgage News I	Daily		
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Banke	rs Assoc.		
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66
Rates as of: 5/17			

© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

to locking/floating.



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

