



The Arizona Loan Baron

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A Message from The Arizona Loan Baron:

****Janet Yellen appears to be telegraphing a December Fed rate hike****

MBS Mid-Day: Widespread Negative Reprices as Yellen Shows Up In Hiking Gear

This morning's economic data had moderate impact on bond market trading levels. The **two key releases** were ADP Employment and ISM Non-Manufacturing. Of the two, ADP was the bigger market mover despite falling closer to the median forecast.

The takeaway is that bond markets are most interested in this week's labor market data, and will obviously be sated by Friday morning's NFP. The other takeaway is that it's **not going to take a stellar report** to reinforce the writing on the wall.

As for that proverbial writing, Yellen showed up this morning in her hiking gear (which incidentally includes a pen, to help more clearly delineate proverbial wall-writing). While her prepared remarks didn't address monetary policy, several questions from the House Financial Services Committee made the topic unavoidable. This ultimately proved to be a much bigger market mover than the economic data, taking Treasuries and MBS well into their **weakest levels since September**.

Bottom line: Yellen unequivocally reinforced last week's FOMC Announcement message, which is that the Fed is ready to hike in December. In fact, she noted that the Fed views a more immediate hike as the more prudent choice, in order to better ensure a gradual pace of hikes overall. The Fed really doesn't get much more transparent than this. If they do NOT end up hiking in December, it will only be because something very serious and unexpected happened between now and then.

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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	4.3734	+0.0132
30 YR Treasury	4.5449	+0.0152

Pricing as of: 7/4 8:52PM 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	6.95%	+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: 7/3

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The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me the opportunity to be your mortgage lending partner.

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