



The Arizona Loan Baron

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The Week Ahead: Burden on Bonds to Prove Rates Aren't Rising

As October begins, bond markets are pretty close to trading levels seen at the end of August--close enough to call September a "flat month" anyway. But that's only if we're looking at where things began and ended. Between then and now, there has been plenty of volatility, relatively speaking.

After holding inside a very narrow 1.52-1.62 range for most of August, 10yr yields vaulted to 1.75 in just a few days during the middle of September. That forced us to consider the possibility that rates were **confirming a broader uptrend** that began with the bounce off all-time lows in early July. Unfortunately, we'll have to continue having that conversation unless bonds can gain enough ground to break below one of several technical levels seen in the following chart.



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	6.95%	+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

First thing's first when it comes to the challenges faced on the chart. We really need to see rates move **definitively** back below the upper teal line at 1.60. This marks the ceiling of the dominant range in July/August. It would be a **much stronger move** to break below the floor from that same range at 1.50. In the meantime, there's the yellow uptrend line connecting most of August and September's lows. We have yet to close below that line for 2 or more consecutive days. Until we do, we're technically in a an uptrend.

Flipping the script a bit and looking at potentially positive trends, we'd need to break to new all-time lows below 1.33 in order to say rates are trending lower in the bigger picture. While that probably won't be happening this week, it's something to think about if rates do manage to improve.

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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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