



The Arizona Loan Baron

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The Day Ahead: Markets to Congress: That's It?

The biggest questions for Monday comes from financial markets and is directed towards politicians in Washington. Are we done obsessing over the healthcare vote? Was that a true "postponement," or are you simply moving on? If the healthcare debate manages to heat up again this week, it could certainly cause the same sort of volatility it did last week, but as of now, there haven't been any new developments over the weekend or early this morning. Markets have reacted by moving in a "risk-off" direction (buying more bonds and selling stocks). Treasuries have jumped well below the narrow range of the past 3 days.



Apart from political drama, this week is **fairly calm** in terms of scheduled economic data and events. The reports with the biggest market movement potential are as follows.

Consumer Confidence on Tuesday may reflect a shift in perceptions surrounding the recent political drama. Confidence numbers also tend to be well correlated with stock market momentum. Although stocks have stalled since the beginning of the month, it may be too soon to see a shift in the

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

confidence data.

Wednesday's **Pending Home Sales** Index is one of the best early indicators of home sales activity because it counts new contracts as opposed to actual sales. It's not typically a big market mover, but it will be helpful in assessing a potential shift in sales trends.

The final reading of **Q4 GDP** will be out on Thursday morning. While GDP sounds like big news as far as mainstream media is concerned, the "final" reading is less relevant than the initial reading we saw 2 months ago. After all, this data covers economic activity that occurred 3-6 months in the past (not exceptionally relevant compared to other, more timely data).

Personal Consumption Expenditures (Incomes and Outlays report) will be relatively important on Friday morning. Part of the data series is the **Core PCE Price Index**, which is one of the Fed's preferred inflation metrics. It was +1.7% last month, and any meaningful increase toward 2% could cause another adjustment to Fed rate hike expectations.

In addition to the economic data, there will be a Treasury auction cycle this week (2, 5, and 7yr). This can add some slight pressure on bond markets through the end of the cycle (Wednesday), as well as some volatility surrounding the 1pm auction times.

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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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