



The Arizona Loan Baron

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The Week Ahead: Last Week of Summer For Bonds

Even though quite a few kids are going back to school today, there's still one week of Summer remaining for the bond market. Labor Day (this upcoming weekend) is a major dividing line. It marks the shifting of gears back into a more serious and focused frame of mind after a few months of being on **autopilot**. Given the established rarity of big-picture momentum during those months, it's no surprise to see that we've been moving sharply sideways in a range that's not even 20bps wide in 10yr yields.



There's a case to be made for viewing the technicals and the range boundaries as largely irrelevant at this time of year. Reason being: the next trend that ends up taking shape (as soon as next week) historically doesn't care what went on during July/August. It's **more likely to be driven** by hard data, events, and policy developments (both fiscal and monetary).

If all of the above doesn't convince you to tune out this week, we can talk about a few of the events that might move the needle. The obvious candidates for upper tier data include GDP on Wednesday, PCE on Thursday, and Chicago PMI on Friday. Admittedly though, that's a **pretty weak line-up** when it comes to potential market movers. I might include Pending Home

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

Sales on Wednesday as a dark horse market mover, considering the increasing scrutiny on the housing market (even the Fed mentioned it as a concern/risk last week).

Away from econ data, the Treasury auctions are in the lesser of their two cycles with 2s, 5s, and 7s. These aren't likely to cause a stir, but they do **emphasize a point**. The point is the sanctity of Labor Day weekend. Friday is not even designated as a half-day (the previous 3 holidays all get a bonus half-day in addition to a full day closure for the official observance, but the subsequent 3 Fall holidays--Labor, Columbus, and Veterans--do not). As such, there's no real reason to change the typical Tue-Thu schedule for the auctions, but they've nonetheless been moved forward to Mon-Wed.

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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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