



The Arizona Loan Baron

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The Week Ahead: Limited Data, Bond Auctions, and More Indecision

The basic candlestick or bar chart that the average bond analyst uses to track 10yr Treasury yields is doing a good job of capturing the current opposing forces in rates. **On the one hand**, the combination of economic data, NAFTA 2.0, and Fed comments (among other things) makes a logical case for higher rates. This is easily seen as the pervasive series of "higher lows" over the past 2 months.

On the other hand, doubts about the sustainability of lofty economic numbers and doubts about the market's ability to thrive with 10yr yields over 3.25% make a case for support. This can be seen in the less-developed series of "lower highs" leading back from the long-term high 2 weeks ago.

The result is the typical triangle--a consolidation pattern where the higher lows and lower highs eventually collide. The takeaway from such triangles can be as simple as saying "**oh look, there's a triangle**. There must be some indecision around these levels!" or as presumptuous as "rates are clearly storing energy in anticipation of a big breakout."



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

Either way, the triangle **will have to be broken** early this week. It wouldn't be a surprise to see an underwhelming follow-through, given the sparsely populated economic calendar. Bigger-ticket reports don't show up until the 2nd half of the week and even then, the reports aren't the biggest market movers recently.

3.18% (where we're starting out today) has been a short-term pivot point of some significance. It's been more willing to act as a ceiling recently, but is being approached as a floor coming down from Friday's higher levels. If it results in a bounce toward higher rates, 3.21-3.22% would be the next level to watch, based on last week's highs. If rates can continue to **rally**, 3.13% remains the level to beat.

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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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