

THE FEDERAL SAVINGS BANK



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ted_rood@yahoo.com**A Message from Ted Rood:***"Great to see bonds retaining a large portion of yesterday's "flash" gains.**This may bode well for next week's rates!"***The Day Ahead: Refreshing Resilience Introduces New Possibilities**

The day is young, but the fact that we're starting out with much of yesterday's "flash" rally intact means that new doors are opening for bonds.

Next week's central bank announcements are--well... central to any assessment of near term possibilities. Because we have the Fed and ECB back-to-back, and because the Fed's announcement will include an update to the economic projections (**one of the biggest market movers** we have), there's a wide range of potential outcomes.

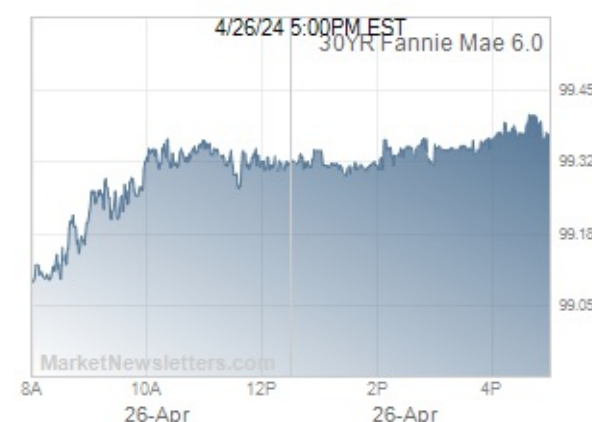
A wide range of potential outcomes tends to promote a sideways range-trade leading up to whatever it is that might cause the outcome. It was with that in mind that we began talking about a return to the 2.94-3.04% range earlier this week. But then yesterday's "flash" rally suggested there might be some **imbalances** in the landscape of trading positions, or perhaps even a stronger contingent of buyers as yields approached 3.0%.

The net effect is that the near-term range outlook may be shifting from that 2.94-3.04% to something that is more focused on 2.94% as a center (as opposed to a lower boundary). See the "central" possibility in the white dotted line below. The **slightly better case** would be the green dotted line where 2.94% becomes more of a ceiling.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.37	+0.30
MBS GNMA 6.0	100.35	+0.27
10 YR Treasury	4.6645	-0.0394
30 YR Treasury	4.7739	-0.0400

Pricing as of: 4/26 5:05PM EST

**Average Mortgage Rates**

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.45%	-0.07	0.00
15 Yr. Fixed	6.86%	-0.05	0.00
30 Yr. FHA	6.95%	-0.05	0.00
30 Yr. Jumbo	7.64%	-0.04	0.00
5/1 ARM	7.50%	-0.05	0.00
Freddie Mac			
30 Yr. Fixed	7.17%	-0.27	0.00
15 Yr. Fixed	6.44%	-0.32	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 4/26



In any event, we wouldn't expect such narrow ranges to persist after next week's central bank announcements. And in fact, we might not even be entertaining these same outcomes by the time we see how the rest of today goes. There are no significant economic reports or events on tap, so traders will be left to prepare for the Treasury auctions and CPI data that kick off next week's festivities. If those preparations DON'T involve pushing yields up and over 2.94%, it could be taken as **another positive sign** about next week's chances.

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Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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