

THE FEDERAL SAVINGS BANK

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[ted\\_rood@yahoo.com](mailto:ted_rood@yahoo.com)**A Message from Ted Rood:**

"Bonds trying their best to break through resistance to lower rates. Let's see where they're at after tomorrow's Fed statement!"

## The Day Ahead: Bonds Running Into Same Rate Floor Ahead of Fed

Fed day tomorrow! We'll finally get to see what's what with respect to recent speculation and a factual shift in tone from several Fed members (including Powell). But we have a day and a half of trading to get through before that happens.

As today's trading ramps up, we're seeing **starkly clear confirmation** of the consolidation range that I can't stop talking about over the last week and a half. The boundaries are now clearly set at 2.92% overhead (successfully defended as a ceiling on Wed/Thu last week) and 2.82% (which has offered several floor bounces starting on December 6th).

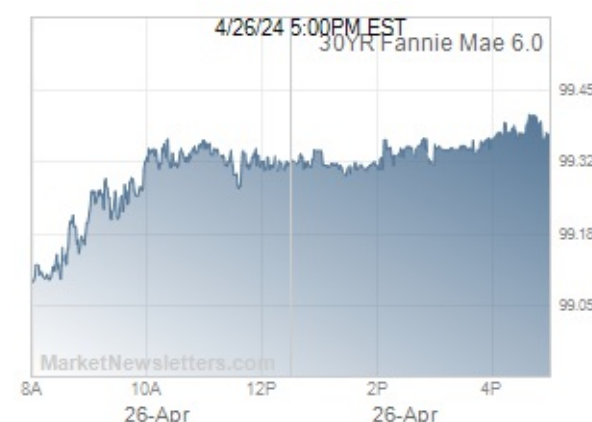
2.82% is highlighted on the chart because that's the boundary we're closer to this morning. In fact, yields bounced there in the overnight session, and from a purely technical standpoint, that **doesn't** bode incredibly well for the rest of today's momentum. The suggestion is that yields will retreat back into this well-established range and wait for tomorrow's Fed events to vote on a breakout.

Beyond today's trading, the momentum technicals are decidedly 'overbought,' which **increases the risk** of an unfriendly bounce.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.37	<b>+0.30</b>
MBS GNMA 6.0	100.35	<b>+0.27</b>
10 YR Treasury	4.6645	<b>0.0000</b>
30 YR Treasury	4.7786	<b>+0.0047</b>

Pricing as of: 4/28 9:17PM EST



## Average Mortgage Rates

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

Rates as of: 4/26



None of this is to say that rates **couldn't** break below 2.82% and continue rallying after the Fed. It really **depends** upon what the Fed says and how they adjust their rate forecasts. Rather, the technicals simply suggest that--all other things being equal--there is more latent momentum waiting to push yields higher versus lower. That's worth considering for those who are on a fence with respect to lock/float strategy heading into tomorrow.

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