

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"Want an advance peak at today's Fed Statement? Here's what they MIGHT say!"

The Day Ahead: Here Comes the Fed (And a Satirical Prediction About What They'll Say)

Today's key event is the 2pm ET Fed Announcement. There will be **no hike** and no adjustment to existing policies. That said, given a noticeably **dovish** shift in Fed speeches since the December meeting, more than a few investors are hoping to see some hint about a softening of those policies in the text of the announcement. I'm not sure how likely that is. In fact, it's **UNLIKELY** that we'll see any suggestion about changing the balance sheet normalization plans in the text of the announcement. The more likely venue for any balance sheet hints will be the press conference 30 minutes after the announcement (press conferences now happen after every meeting as opposed to every other meeting).

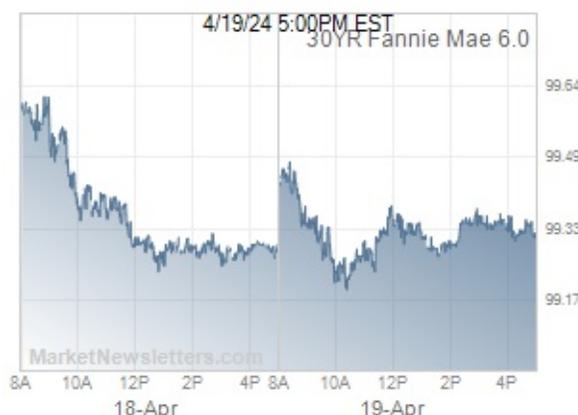
None of this is to say that the announcement itself won't be changed. Indeed, that's **eminently possible** based on recent Fed speeches, not to mention the record government shutdown and other sources of uncertainty. One can only guess at the extent to which those uncommon unknowns will color Fed's verbiage today. Fortunately, I found the one who's willing to guess!

The following is word by word prediction of announcement concocted by **Ted Rood**. It's entirely satirical, but potentially entertaining on a day where all we can really do is sit and wait. To get an idea of the actual announcement verbiage (which will make Ted's piece even more entertaining), here's what they said last

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.32	+0.02
MBS GNMA 6.0	100.08	+0.02
10 YR Treasury	4.5132	-0.1133
30 YR Treasury	4.6306	-0.1012

Pricing as of: 4/19 5:04PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.44%	+0.01	0.00
15 Yr. Fixed	6.85%	+0.01	0.00
30 Yr. FHA	6.92%	+0.02	0.00
30 Yr. Jumbo	7.62%	0.00	0.00
5/1 ARM	7.41%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	7.10%	-0.34	0.00
15 Yr. Fixed	6.39%	-0.37	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.13%	+0.12	0.00
15 Yr. Fixed	6.64%	+0.18	0.64
30 Yr. FHA	6.90%	+0.10	0.99
30 Yr. Jumbo	7.40%	+0.27	0.46
5/1 ARM	6.52%	+0.11	0.60

Rates as of: 4/19

time: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20181219a.htm>

Information received since the Federal Open Market Committee met in December indicates that political strife and executive branch turmoil have continued to strengthen and that economic activity may be either rising or falling at an undetermined rate. Disdain over woeful NFL officiating has been strong, on average, in recent weeks, and concerns over Tom Brady's potential retirement have grown rapidly. Prospects for a February Federal shutdown continue to grow strongly, while polar vortex concerns have ballooned. On a 12-month basis, both overall inflation and inflation for items other than electric blankets, border walls and soaring federal deficit interest payments remain near 2 percent. Expectations for additional Special Counsel indictments are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment, price stability, and coherent economic policy. Given the lack of pertinent data due to the Shutdown, the Committee cannot judge whether further gradual increases in the target range for the federal funds rate will be warranted, nor whether sustained expansion of Howard Schultz's presidential campaign, Tom Brokaw "inclusion" tweets, and inflation near the Committee's symmetric 2 percent objective are likely. The Committee judges that prospects for true compromise in Washington are unlikely, but will continue to monitor size of the wedge being driven between the two sides of the aisle and assess its implication for the economic outlook and general levels of cynicism and depression among literate adults with access to the news.

In view of expected New England Patriots' dynasty continuation, the Committee decided to raise its Super Bowl wagers by 2-2.5%, and will reassess this policy, if appropriate, during the marathon halftime show.

In determining the timing and size of future adjustments to its wagers, the Committee will assess realized and expected offensive/defensive performance relative to Patriots' ball control and its symmetric secondary blitz packages. This assessment will take into account a wide range of information, including third down conversions, quarterback pressures, completion percentages, and readings on both online and Nevada wagers.

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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.

Ted Rood 