

THE FEDERAL SAVINGS BANK



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The Day Ahead: Range Breakout Quickly Getting Serious

The long-standing consolidation range in 10yr Treasury yields finally came under serious attack yesterday, with a big breakout to the upside. Any time these sorts of trendlines are broken--and **especially** if that break occurs on the last day of any given month (or just before a key event)--we like to see at least one more day of "confirmation" where yields avoid backtracking toward the previous range.

Unfortunately, there **doesn't** seem to be any risk of backtracking today as yields continue to push higher out of the gate. Barring a miraculous recovery, this will offer firm confirmation of the range breakout. Moreover, the next ceiling is **already under attack**. With the break of the consolidation range, we move on to consider the broader sideways range with various horizontal lines. The nearest ceiling is at 2.75%, and we're already painfully close.



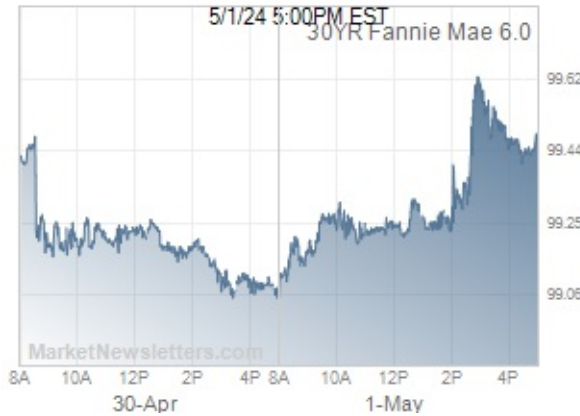
Today's **biggest ticket** in terms of economic data will be the 10am ISM Manufacturing PMI. Consumer Sentiment can play a supporting role if it happens to suggest the same momentum (also at 10am ET).

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.46	+0.40
MBS GNMA 6.0	100.48	+0.27
10 YR Treasury	4.6212	-0.0133
30 YR Treasury	4.7457	-0.0057

Pricing as of: 5/1 10:47PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.41%	-0.10	0.00
15 Yr. Fixed	6.84%	-0.06	0.00
30 Yr. FHA	6.88%	-0.11	0.00
30 Yr. Jumbo	7.60%	-0.07	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: 5/1

<http://mortgageratesupdate.com/tedrood>

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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