

THE FEDERAL SAVINGS BANK

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[ted\\_rood@yahoo.com](mailto:ted_rood@yahoo.com)**A Message from Ted Rood:***"Bonds sliding the wrong direction ahead of Fed Statement and ADP!"***UPDATE: Bonds Weaker Overnight Thanks to German Econ Data**

- Employment Costs
  - 0.7 vs 0.7 forecast (Q1)
- German Inflation data
  - 2.0 vs 1.5 forecast (y/y)
  - 1.0 vs 0.5 forecast (m/m)
- German Consumer Sentiment
  - 10.4 vs 10.3 forecast
- German Unemployment
  - 4.9 vs 4.9 forecast
- Eurozone GDP
  - 0.4 vs 0.3 forecast
  - 1.2 vs 1.1 forecast (y/y)

Although we saw some additional weakness in bonds after the Employment Costs data, it's really been all about German econ data this morning (and overnight for that matter). Why Germany? Because it's by far the biggest economy in the Eurozone and has also been the shakiest in terms of economic data in the past 12 months.

Treasuries began the overnight session stronger and immediately moved back to unchanged when the first wave of stable-to-stronger data hit (everything above except for inflation and employment costs). German inflation data caused a modest move into negative territory and from there, the 8:20 CME open brought in more sellers. All of the current weakness was in place before the 8:30am Employment Costs data and, in fact, we've rallied a bit since then.

10yr yields are currently up 1.6bps at 2.543 and had a decent bounce off the 2.55% ceiling just now. Fannie 3.5 MBS are down 3 ticks (0.09) at 100-25 (100.78).

**MBS & Treasury Market Data**

	Price / Yield	Change
MBS UMBS 6.0	100.05	<b>-0.16</b>
MBS GNMA 6.0	100.91	<b>-0.21</b>
10 YR Treasury	4.4973	<b>+0.0398</b>
30 YR Treasury	4.6420	<b>+0.0436</b>

Pricing as of: 5/8 5:07PM EST

**Average Mortgage Rates**

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.20%	<b>+0.01</b>	0.00
15 Yr. Fixed	6.66%	<b>+0.02</b>	0.00
30 Yr. FHA	6.64%	<b>+0.02</b>	0.00
30 Yr. Jumbo	7.41%	<b>0.00</b>	0.00
5/1 ARM	7.33%	<b>+0.03</b>	0.00

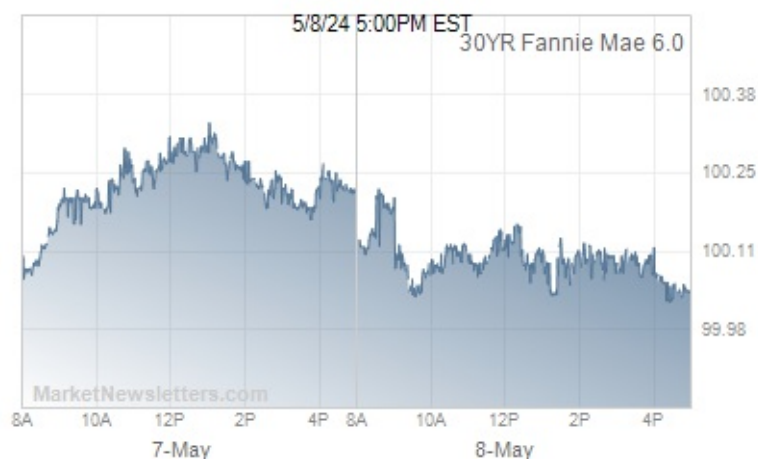
**Freddie Mac**

30 Yr. Fixed	7.22%	<b>-0.22</b>	0.00
15 Yr. Fixed	6.47%	<b>-0.29</b>	0.00

**Mortgage Bankers Assoc.**

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: 5/8



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**Ted Rood**

