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MBS Mid-Day: Differences Between This FOMC Announcement and the Last One

Naturally, this is the most changed Fed Announcement in recent memory. Strike-through indicates previous text. Underline indicates new text.

Release Date: ~~October 28,~~December 16, 2015
For immediate release

Information received since the Federal Open Market Committee met in ~~September~~October suggests that economic activity has been expanding at a moderate pace. Household spending and business fixed investment have been increasing at solid rates in recent months, and the housing sector has improved further; however, net exports have been soft. ~~The pace~~A range of ~~job gains slowed and the unemployment rate held steady. Nonetheless,~~recent labor market indicators, ~~on balance, show~~including ongoing job gains and declining unemployment, shows further improvement and confirms that underutilization of labor resources has diminished appreciably since early this year. Inflation has continued to run below the Committee's 2 percent longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports. Market-based measures of inflation compensation ~~moved slightly lower;~~remain low; some survey-based measures of longer-term inflation expectations have ~~remained stable.~~edged down.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee currently expects that, with ~~appropriate policy accommodation,~~gradual adjustments in the stance of monetary policy, economic activity will continue to expand at a moderate ~~pace, with~~pace and labor market indicators ~~continuing~~will continue to ~~move toward levels~~strengthen. Overall, taking into account domestic and international developments, the Committee ~~judges consistent with its dual mandate. The Committee continues to see~~sees the risks to the outlook for both economic activity and the labor market as ~~nearly balanced but is monitoring global economic and financial developments.~~balanced. Inflation is ~~anticipated~~expected to ~~remain near its recent low level in the near term but the Committee expects inflation~~rise to ~~rise gradually toward~~ 2 percent over the medium term as ~~the labor market improves further and~~ the transitory effects of declines in energy and import prices ~~dissipate.~~dissipate and the labor market strengthens further. The Committee continues to monitor inflation developments closely.

~~To support continued progress toward maximum employment and price~~

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.35	-0.03
MBS GNMA 5.5	99.72	-0.06
10 YR Treasury	4.2540	+0.0015
30 YR Treasury	4.4875	+0.0150

Pricing as of: 7/23 4:45PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

~~stability, the~~The Committee ~~today reaffirmed its view~~judges that ~~the current 0 to 1/4 percent target range for the federal funds rate remains appropriate. In determining whether~~there has been considerable improvement in labor market conditions this year, and it is reasonably confident that inflation will ~~be appropriate~~rise, over the medium term, to ~~raise the target range at~~ its ~~next meeting, the Committee will assess progress-both realized and expected-toward its objectives of maximum employment and~~ 2 percent ~~inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures~~objective. Given the economic outlook, and ~~inflation expectations, and readings on financial and international developments. The Committee anticipates that~~recognizing the time it ~~will be appropriate~~takes for policy actions to affect future economic outcomes, the Committee decided to raise the target range for the federal funds rate ~~when it has seen some~~to 1/4 to 1/2 percent. The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in ~~the~~ labor market conditions and ~~is reasonably confident that inflation will move back~~a return to ~~its~~ 2 percent ~~objective over the medium term.~~inflation.

~~The~~In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee ~~is maintaining~~will assess realized and expected economic conditions relative to its ~~existing policy~~objectives of ~~reinvesting principal payments from its holdings~~maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of ~~agency debt~~inflation pressures and ~~agency mortgage-backed securities in agency mortgage-backed securities~~inflation expectations, and readings on financial and international developments. In light of ~~rolling over maturing Treasury securities at auction. This policy, by keeping~~ the ~~Committee's holdings~~current shortfall of ~~longer-term securities at sizable levels, should help maintain accommodative financial conditions.~~inflation from 2 percent, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

~~When the~~The Committee ~~decides to begin to remove~~is maintaining its existing policy ~~accommodation, it will take a balanced approach consistent with~~of reinvesting principal payments from its ~~longer-run goals~~holdings of ~~maximum employment~~agency debt and agency mortgage-backed securities in agency mortgage-backed securities and ~~inflation~~ of ~~2 percent. The Committee currently anticipates that, even after employment~~rolling over maturing Treasury securities at auction, and ~~inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping~~it anticipates doing so until normalization of the level of the ~~target~~ federal funds rate ~~below levels~~is well under way. This policy, by keeping the ~~Committee views as normal in~~Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.

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