



## Philip Bennett

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### A Message from Philip Bennett:

"This is good news..."

## UPDATE: FOMC Minutes Not Hurting Bonds

Granted, it's only the first reaction, and scarcely a meaningful one at that, but the just-released minutes from the December Fed meeting, at the very least, haven't hurt today's gentle recovery back to 'unchanged' in bond markets.

Here are the newswires from Reuters:

- ALMOST ALL FEDERAL RESERVE POLICYMAKERS SAW UPSIDE RISK TO ECONOMIC GROWTH FORECASTS ON EXPECTATION FISCAL POLICIES WILL BE MORE EXPANSIONARY UNDER TRUMP - MINUTES FROM DEC. 13-14 MEETING
- ABOUT HALF OF POLICYMAKERS INCORPORATED ASSUMPTIONS OF GREATER FISCAL STIMULUS IN THEIR FORECASTS
- MANY POLICYMAKERS SAW INCREASED CHANCE OF FASTER RATE HIKE PACE DUE TO HIGHER RISK OF SIZABLE UNDERSHOOTING OF LONGER-RUN NORMAL UNEMPLOYMENT RATE LEADING TO HIGHER INFLATION
- POLICYMAKERS EMPHASIZED THEIR CONSIDERABLE UNCERTAINTY ON TIMING, SIZE AND COMPOSITION OF ANY FUTURE FISCAL AND OTHER ECONOMIC POLICIES
- ALMOST ALL POLICYMAKERS ANTICIPATED UNEMPLOYMENT RATE OVER NEXT TWO YEARS WOULD RUN BELOW ITS LONGER-TERM NORMAL LEVEL
- SEVERAL POLICYMAKERS SAID A FURTHER RISE IN THE U.S. DOLLAR MIGHT CONTINUE TO WEIGH ON INFLATION
- POLICYMAKERS GENERALLY AGREED TO CONTINUE TO CLOSELY MONITOR INFLATION, GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

10yr yields were hovering right around unchanged but just moved down 1bp to 2.435. Fannie 3.5s continue to underperform, but are now down only 2

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.94	<b>-0.17</b>
MBS GNMA 5.0	100.19	<b>-0.16</b>
10 YR Treasury	3.7447	<b>+0.0358</b>
30 YR Treasury	4.0484	<b>+0.0290</b>

Pricing as of: 9/9 12:49AM EST

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.27%	<b>-0.08</b>	0.00
15 Yr. Fixed	5.65%	<b>-0.20</b>	0.00
30 Yr. FHA	5.67%	<b>-0.05</b>	0.00
30 Yr. Jumbo	6.49%	<b>-0.06</b>	0.00
5/1 ARM	6.05%	<b>-0.16</b>	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	<b>-0.51</b>	0.00
15 Yr. Fixed	5.47%	<b>-0.69</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	<b>-0.06</b>	0.54
15 Yr. Fixed	5.88%	<b>-0.16</b>	0.68
30 Yr. FHA	6.36%	<b>-0.06</b>	0.85
30 Yr. Jumbo	6.75%	<b>+0.07</b>	0.39
5/1 ARM	5.98%	<b>-0.27</b>	0.65

Rates as of: 9/6

ticks at 102-11.

Given that the Fed had already hiked and that the Fed forecasts (which showed a faster expected timetable for future hikes) had already done their damage in December, there wasn't much to be gleaned from this Minutes release. It essentially confirmed what we already almost certainly knew: hikes might need to come quicker if Trump's policies promote growth and/or inflation.



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