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Bond Markets Take a Hit as Fed Continues Cutting Purchase Amounts

There was a sharp sell-off in the bond market on Friday afternoon--at least relative to the day's relatively calm trading patterns--as the Fed once again announced an **updated bond buying schedule** for the following week. It was a repeat of a similar performance seen at the end of last week when the Fed cut Treasury purchase limits from \$50 bln per day to \$30 bln. The Fed's mortgage purchases walked a similar path, falling to \$15.5bln / day this week from \$25bln / day for most of last week (and \$40bln the week before that).

Today's cut to Treasury purchases was notable because it was the first time the amount fell by **at least 50%**. Specifically, the Fed will now cap buying at **\$15 bln per day** in Treasuries versus this week's \$30bln daily total. MBS purchase limits were pared to a range of \$8.9-10.6 bln per day--a far cry from the \$50bln/day seen 3 weeks ago.

It's not that bond markets weren't expecting the Fed to continue pruning its buying schedule. Rather, the adjustment was a bit **bigger than anticipated**. As such, the market reaction was fairly quick, but not excessive in the bigger picture. 10yr yields moved from .61% to just over .65% on the news and 2.5 UMBS coupons dropped less than a quarter point.

Here are links for the buying schedules:

[MBS](#)

[Treasuries](#)

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MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.37	+0.30
MBS GNMA 6.0	100.35	+0.27
10 YR Treasury	4.6645	-0.0394
30 YR Treasury	4.7739	-0.0400

Pricing as of: 4/26 5:05PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.45%	-0.07	0.00
15 Yr. Fixed	6.86%	-0.05	0.00
30 Yr. FHA	6.95%	-0.05	0.00
30 Yr. Jumbo	7.64%	-0.04	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: 4/26

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I advise clients on some of the most important financial decisions of their lives. A mortgage, either as a home or an investment, should be a very calculated and educated decision. That's where I come in. I service all of California, so if you have a mortgage need please contact me.

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