

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"We dodged a bullet when yesterday's jobs report came in below expectations. Nice to see rates leveling off!"

Mortgage Rates Edge Slightly Lower After Jobs Data

Mortgage rates made an anti-climactic move lower today after the big jobs report proved slightly disappointing to markets. Stocks and bond yields both fell after the Bureau of Labor Statistics said only 223k jobs were created in June compared to a negatively revised 254k in May. Perhaps even more of an issue was the drop to 0.0 percent wage growth versus forecasts of 0.2 percent. The Fed has recently expressed interest in wage growth as one of the signs that economy is ready for a rate hike. After the data came out, options trading suggested the median Fed rate hike time frame moved into 2016. It had been September 2015 until today.

Of course the Fed's eventual rate hike **doesn't have a direct bearing** on 30yr fixed mortgage rates, but it has all the bearing in the world on the short term money that financial markets use to facilitate the trading of long term money. In all but a very few historical circumstances, when short term rates move up, so do mortgage rates. Refreshingly though, much of 2015's move higher in rates is, in fact, a preemptive move that attempts to account for the rate hike. So when the time comes, it's not as if mortgage rates will instantly rise a quarter of a point.

That preemptive move is ongoing, and it's joined by the other big-picture theme of 2015. That's the gradual unwinding of the great European bond market rally of 2014 (and early 2015) ahead of their quantitative easing program. (As a reminder, 'bond market rally' = lower rates.) Now that inflation has begun picking up in Europe, the ultra low rate environment caused investors to panic this spring. Rates have moved quickly higher since then, leaving us to wonder if the panic has subsided or if it's merely taking a break. Until and unless we see much more strength than we saw today, it continues to make most sense to **assume the move higher in rates will continue** and act accordingly in terms of locking and floating.

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National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

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

Rates as of: 8/30

MBS and Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST

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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