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A Message from Ted Rood:

"What's the market driver today? Greek turmoil? Asian stock rout? Fed minutes? Who knows!"

The Day Ahead: Asia, Europe, and FOMC Minutes Compete for Attention

Bond market **volatility** (and indeed market volatility in general) continue to be a hallmark of 2015. This has been a common theme in financial news and analysis for about a year now. In it's infancy the "volatility in 2015" banner was waved chiefly by those pointing at the Fed's dwindling QE purchases and eventual rate hikes. At this point, however, we've come to see that volatility is being fueled by much more than the absence of Fed bond buying.

Just overnight, we had nearly half of the Chinese stock market **halted** to avoid adding on to the worst losses since 2011. For those of you wondering what this brutal selling looks like. Here was a chart I posted on MBS Live yesterday of the Hang Seng:

Granted, it's not levitating in the same manner as the S&P, but it's **better than a sharp stick in the eye**. Maybe it's about China's other major average, the Shanghai 50? Indeed, that's the one that the most dire headlines have been referencing (case in point). The following chart adds the Shanghai (in purple-ish) as well as US 10yr yields for a point of reference (in yellow).

MBS & 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

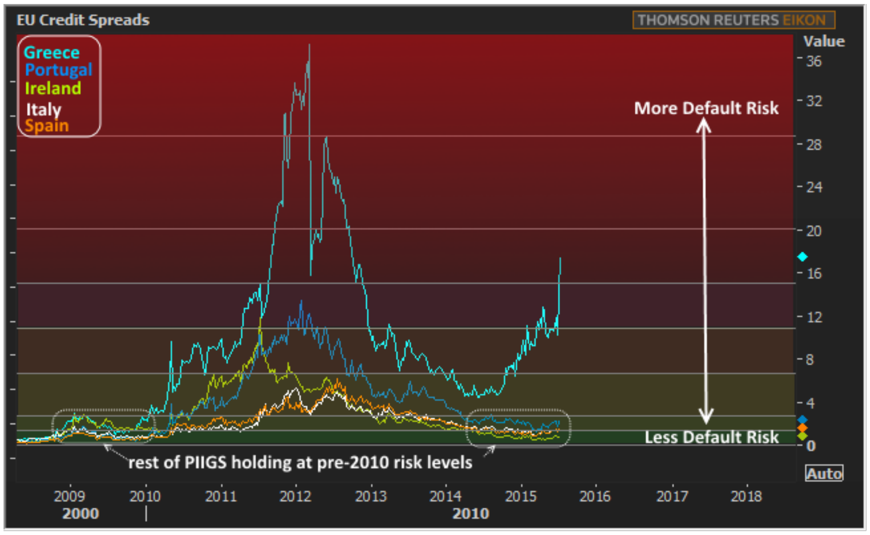
Average Mortgage Rates

	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

Nope... that **doesn't look so bad** either. Maybe it will get bad, and it would certainly **seem** bad if we zoomed way in like the dire headlines are wont to do, but until then, give me a break.

How about Greece spurring Eurozone contagion? Give me another break...



Some folks seem intent on dragging **commodities** into the mix. It's understandable, and certainly worth some head-scratching, but at the end of the day, copper has been trending lower in a nearly straight line since February 2011 and recent lows are only a hair lower than early 2015 levels. Oil has fallen from $61-ish to $52-ish, but was just over $43 before the March Fed meeting.

What we have here is the same sort of generalized **global growth anxiety disorder** that we thought we had in 2014 that instead turned out to be the rekindling of the Greek drama (yeah, that's what October 15th, 2014 was all about, even though full scale investigations have been launched into the bond market volatility on that day).

This time around, Greece is **still** in the mix, but it's clearly being joined by several other big picture considerations. One of the most interesting conceptual problems is that of the Fed's rate hike rhetoric. For instance, **what sort of sense can it really make** to be so intent on raising rates when the rest of the world is so intent on devaluing its currency to stimulate growth, AND when your own inflation and wage growth is stagnant AND when your economic output is by no means booming?

Maybe we'll find out more about this today as we get the Minutes from the most recent Fed meeting at 2pm. The extent to which markets react to this will tell us a lot about where the focus lies, though I wouldn't expect any miracles in that regard. It's safer to expect ongoing volatility and **multiple significant stimuli** competing for the right to motivate markets more than the next.

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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.

Ted Rood