

#### **Ted Rood**

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### A Message from Ted Rood:

"Bond markets continue July's rally, more good news for home buyers!"

# **UPDATE:** Back to Positive Territory After ISM Data Leak

Even before the 10am ISM data was accidentally leaked, trading levels weren't far off from Friday. The overnight session was excruciatingly sideways, with little attention paid to initial selling pressure in European bond markets or strength in European equities. The early domestic session was similarly sideways, and although bonds were slightly weaker, they were doing a fine job of holding supportive levels established by Friday's post-rally high yields (2.21% in 10yr Treasuries).

But following the leak, both MBS and longer-dated Treasuries have **moved into positive territory**. 10yr yields just hit 2.177--painfully close to July's fleeting low of 2.176--making it essentially the lowest yield since June 1st. Fannie 3.5 MBS are only 1 tick higher on the day, but 4 ticks (.125) up from from 9am levels.

As for the ISM data itself, it **wasn't too terrible** on the surface, with the headline coming in at 52.7 vs 53.5 forecast. But the "Prices Paid" component fell to 44.0 vs 49.5 previously. This doesn't bode well for the sort of inflation the Fed needs in order to justify a rate hike. Additionally, the employment index fell to 52.7 from 55.5 previously (54.7 forecast), which is a negative anecdote for this Friday's NFP numbers.

Bond markets liked all of the above, but they **liked it even more** after stocks picked up the pace of selling at the 9:30am NYSE open.

#### MBS & Treasury Market Data

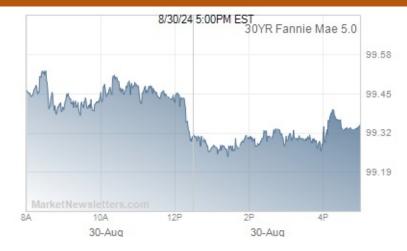
	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028
Pricing as of: 9/17:34PM EST		

#### **Average Mortgage Rates**

	Rate	Change	Points
Mortgage News I	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 Banke	rs 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			

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