

THE FEDERAL SAVINGS BANK



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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
<b>Mortgage News Daily</b>			

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



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## 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.

**Ted Rood** 