

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"Looks like bonds want to rally towards lower rates! Great news for borrowers!"

UPDATE: What's up with this big old bond rally?

I was going to title this update: "Big Picture Concerns and Small Picture Benefits = Snowball Buying," but that seemed fairly boring and opaque. That's the thesis though. We have the big picture considerations surrounding the potentially ill-timed Fed rate hike in the face of a global economic cycle that might be 'rolling over' for lack of a better term.

On a smaller scale, we have significant distortions brought about by an active corporate bond market as well as active tradeflows in general. Both of these buzzwords (corporate debt issuance and 'tradeflows') have entries in our knowledge base if you want to read more about them:

[Corporate Debt Issuance](#)

[Tradeflows](#)

Long story short, corporate debt issuance has been big so far in 2016, and we're now seeing that there have been a lot of people trading accordingly (i.e. selling bonds because they expect corporate issuance to hurt bonds). Now that the corporate bonds are pricing, some of that weakness is being unwound. Those trades are snowballing with tradeflow momentum.

Further compounding the snowball is the big, simple stuff like falling equities and oil prices. Here's a chart:

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



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Responsive service, experienced expertise

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