

THE FEDERAL SAVINGS BANK



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## A Message from Ted Rood:

*"Equities may be tanking hugely, but at least some of the capital is flowing into bonds, helping lower mortgage rates!"*

## MBS Recap: Bonds Surge Again As Risk Meltdown Continues

What's a **risk meltdown**? What's a "risk market" for that matter? This is just a shorthand term for anything investors are normally buying when stocks and broader economies are improving. The most quintessential risk market is the equity market, but in the current case, oil is in the same boat.

It's not hard to imagine that a risk meltdown benefits the safer haven markets. The quintessential safe haven (apart from cash) is the US Treasury market, with other low-risk bonds close in tow (like MBS). The safe havens have been basking in the warm red glow from the risk market conflagration, and **today's bonfire** was particularly bright.

S&P's are off their lows for the day, but remain **down more than 2%** as the NYSE close approaches. This translated into more than a 9bp drop in 10yr yields, taking them briefly to 1.986, but they're currently back up over 2% as equities recover. Fannie 3.0 MBS were up more than half a point, but are now heading out the door sideways with just under a 3/8ths point gain. The trend is our friend until it's not our friend any more.



## 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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
<b>Mortgage Bankers Assoc.</b>			
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**

