

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"Kudos to Matthew Graham for this brilliant analogy. Let's hope Draghi hits a double tomorrow to drive home the runner!"

The Day Ahead: Data Free Day. Another Chance to "Lead-Off" Ahead of ECB

From time to time, we see various financial markets take a "lead-off." Just like in baseball, the lead-offs occur because the base-runner knows where he wants to go and is better served by taking a few steps in that direction, just in case whatever happens on the next pitch allows an opportunity to head in the desired direction.

It's **oh-so-similar** for bond markets. Both the ballplayer and bond markets are playing for the happiness of their fans and the profitability of their franchise. Both are trying to get to the next significant interval on their journey.

For ballplayers, we can measure those intervals quite simply as the bases. For bond markets, the bases are more like the significant technical levels, and even the signals that arise from technical overlays like those seen in the following chart. **All** of these mainstream technicals are **in agreement** right now: bonds are taking a nominal lead-off **toward a bigger rally**. They're simply waiting on the pitch--in this case, tomorrow morning's ECB Announcement. If Draghi makes contact, we'll be running.

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



To be clear, this chart by no means guarantees victory. It simply suggests that bonds are ready and willing to rally if they get the green light. As for how big that rally could be, I would be looking for 2nd base--where we repeat this song and dance--around 2.29% in 10yr yields.

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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 