

THE FEDERAL SAVINGS BANK



Co. NMLS# 411500



Ted Rood

Mortgage Banker, Homesite Mortgage LLC

NMLS #543290

2299 Technology Drive, Suite 2A5 O Fallon, Missouri

Office: 3147400004

Mobile: 314-740-0004

ted_rood@yahoo.com

UPDATE: Trading Well Despite Stock Gains

It looks like markets are positioning for a market-friendly testimony from Fed Chair Powell tomorrow. Normally, we'd expect to see both stocks and bonds gaining ground in such cases, but in today's case, we can be content with the fact that bonds aren't losing any more ground.

Overnight losses were minimal considering the tariff extension (a reflection of the extent to which it was priced-in), and we haven't lost any additional ground from there, despite stocks pushing an important ceiling seen in the chart below (stocks in blue, 10yr yields in yellow).



As the chart suggests, bonds are still consolidating. If we break outside this consolidation range today, it's not likely to be significant (unless driven by a big, obvious, unexpected headline). That said, given the stock levels (important pivot) and the narrowness of the bond trading range, it wouldn't be a surprise to see a bit of a lead-off breakout tomorrow.

10yr yields are currently up 2.5bps at 2.679%. Fannie 3.5 MBS are down 3/32nds (.09) at 100-08 (100.25). We'd need to see several more ticks of weakness for lenders to consider negative reprices.

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 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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