

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

A Message from Ted Rood:

"Bonds sliding the wrong direction ahead of Fed Statement and ADP!"

UPDATE: Bonds Weaker Overnight Thanks to German Econ Data

- Employment Costs
 - 0.7 vs 0.7 forecast (Q1)
- German Inflation data
 - 2.0 vs 1.5 forecast (y/y)
 - 1.0 vs 0.5 forecast (m/m)
- German Consumer Sentiment
 - 10.4 vs 10.3 forecast
- German Unemployment
 - 4.9 vs 4.9 forecast
- Eurozone GDP
 - 0.4 vs 0.3 forecast
 - 1.2 vs 1.1 forecast (y/y)

Although we saw some additional weakness in bonds after the Employment Costs data, it's really been all about German econ data this morning (and overnight for that matter). Why Germany? Because it's by far the biggest economy in the Eurozone and has also been the shakiest in terms of economic data in the past 12 months.

Treasuries began the overnight session stronger and immediately moved back to unchanged when the first wave of stable-to-stronger data hit (everything above except for inflation and employment costs). German inflation data caused a modest move into negative territory and from there, the 8:20 CME open brought in more sellers. All of the current weakness was in place before the 8:30am Employment Costs data and, in fact, we've rallied a bit since then.

10yr yields are currently up 1.6bps at 2.543 and had a decent bounce off the 2.55% ceiling just now. Fannie 3.5 MBS are down 3 ticks (0.09) at 100-25 (100.78).

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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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.

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