Mortgage Market Commentary



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The Day Ahead: More Econ Data and "Month-End," But Trump Speech Looms

Today is the last day of February. 'Month-end' is different than other days for bond markets because it serves as a deadline for money managers to match their holdings with various indices. Long story short, when a particular fund says it holds x% of US Treasuries, the fine print typically stipulates that those Treasuries have an average duration based on an index. The index's main purpose is to **track the overall Treasury market**, thus allowing money managers a no-brainer decision when it comes to adjusting their mix of long/short duration bonds. MBS Live members can read the more detailed primer HERE.

Month-end usually has a moderately positive effect, all other things being equal. That said, we began to discuss early potential month-end buying as one of the sources of last Friday's gains. That **could make the effects smaller** today.

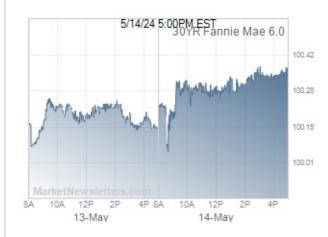
Even then, month-end rarely accounts for the lion's share of momentum in any given day. Today has other factors vying for attention. The econ calendar is moderate with the 2nd reading of **GDP** at 8:30am. **Chicago PMI** at 9:45am can occasionally make for a noticeable market response, but it's no guarantee. Finally, **Consumer Confidence** at 10am is the same sort of onagain/off-again market mover.

All of the above may be **muted** by the impending Trump speech tonight. Market participants are actively debating whether politics, The Fed, economic data, or global markets/events are the most important trading considerations at the moment. A big enough contingent believe in the "US politics" category that tonight's speech should be viewed as a potential gamechanger for the range (which has continued to avoid confirming a breakout, despite several recent "tests"). Office: 720.619.9900 Mobile: 303.328.7047 Fax: 214.975.2874 richblanchard@richhomeloans.com View My Website

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.24
MBS GNMA 6.0	101.24	+0.21
10 YR Treasury	4.4433	+0.0049
30 YR Treasury	4.5874	+0.0024
Driving on of 5/14 10:27DM FS		+0.0024

Pricing as of: 5/14 10:27PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.11%	-0.01	0.00
15 Yr. Fixed	6.61%	-0.01	0.00
30 Yr. FHA	6.58%	-0.01	0.00
30 Yr. Jumbo	7.37%	0.00	0.00
5/1 ARM	7.29%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	7.09%	-0.35	0.00
15 Yr. Fixed	6.38%	-0.38	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87
Rates as of: 5/14			

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