



Dan Clifton

Principal Broker and Mortgage Guru, Clifton Mortgage Services, LLC

NMLS # 284174

670 N Orlando Ave Suite 101 Maitland, FL 32751

Office: 888-681-0777 x1001

Mobile: 407-252-3039

Fax: 866-512-0169

dan@cliftonmortgageservices.com

[View My Website](#)

The Day Ahead: All You Can Do is Watch and React

Sometimes all the analysis and planning in the world can't prepare you for how something actually transpires. More than a few traders had plans heading into 2016. They would take the opportunities created by strong economic data to **push rates higher** between now and the time the economy finally started turning a darker corner. Then they could become bond buyers again and everyone would live happily ever after.

Their plans didn't work out. Almost **none of them planned** to see equities markets (and oil, and China) get as royally pummeled as they have been. Almost none of them planned on being forced to buy bonds as the flood of money out of "risk markets" needed a safer place to go.

I know a lot of people right now who are most sincerely concerned with preventing losses in their portfolios and retirement accounts at the moment. In hindsight, it's **so obvious**: the Fed takes the punchbowl away, the dollar gets stronger, emerging markets and commodities get hit, and almost every opportunity for investment growth gets scary. All of those lamentations from our bond market crowd on MBS Live over the past few years about the stock market's incessant ability to continue making logic-defying gains... Who would have thought it was as simple as the following?

"Stocks rally until the Fed takes the punchbowl away."

It seemed **too simple**--too reductive--at the time, but in hindsight, it's looking better all the time. Only time will tell, and thus we come to today's thesis. When markets are going as crazy as they have been so far in 2016, all bets are off. Something 'bigger' than normal is happening and all one can do is watch and react. If you want to get tricky about it, you could base your reactions on some objective metric.

For instance, 10yr Treasury yields have been pushing against their lower Bollinger Band (the squiggly yellow lines below) for 6 sessions now. If yields either go flat or move higher, they'll be breaking away from the lower Bollinger Band and the bounce will technically be a "reaction low" in yields. There are 2 or 3 different ways to react at that time with the most serious being to treat it as a definitive bounce. As Monday showed us, such a bounce is **never guaranteed** to be definitive. It would take a 2-day bounce that breaks the middle Bollinger Band before we had a stronger case for a longer term bounce. Folks who are 'watching and reacting' with objective metrics in mind might treat that 2-day bounce as their cue to get more defensive with respect

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

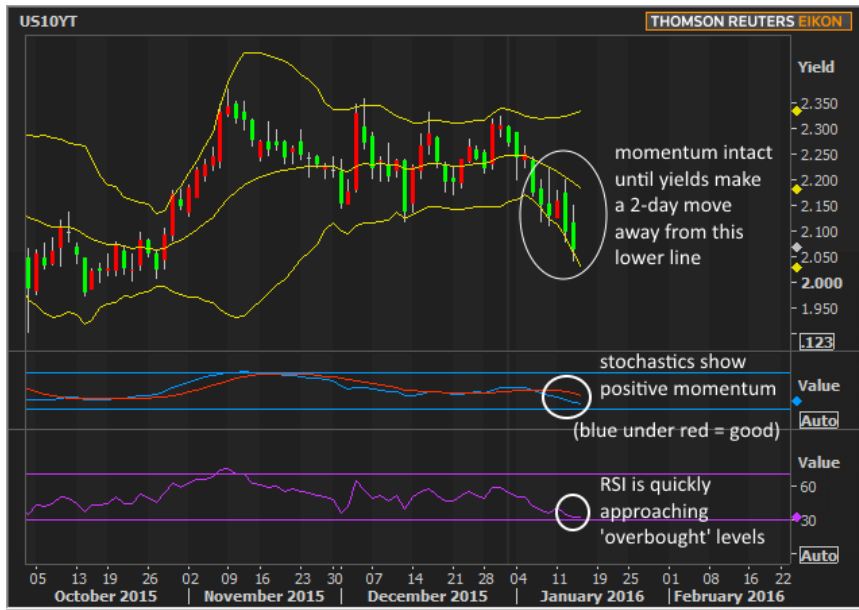


Average Mortgage Rates

	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 locking/floating.



Subscribe to my newsletter online at: <http://housingnewsletters.com/cliftonmortgage>