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A Message from Stephen Moye:

"Sell the rumor buy the fact."

MBS Recap: Bond Rout Kicks Into Higher Gear

The first day of a new month always holds **opportunities and risks** for rates. Investors who were compelled to hold certain positions through yesterday are suddenly more free to move about the cabin. In today's case, most of them jumped out of that cabin!

There were **some moments** of reasonably flat trading earlier this morning, but as soon as the NYSE opened at 9:30am, it was essentially a sell-a-thon for the rest of the day. In part, this speaks to the increased prevalence of bond-related ETF trading in recent years. Specifically, it suggests heavy selling of those ETFs by money managers, speculators, and hedge funds.

For a **more general** idea of why things are so bad, here's a useful paragraph from the daily Ratewatch article on Mortgagenewsdaily.com:

What's up with all the recent drama in rates? Nothing new really... Investors are concerned about increased bond market supply (higher supply = lower bond prices = higher rates) due to fiscal spending initiatives. Because that spending may have a stimulative effect on the economy, investors are also concerned about rising growth and inflation, either of which are bad for rates. OTHER investors are worried about the first group of investors and thus are making trades to try to get ahead of them. This also pushes rates higher. Additionally, global monetary policy seems like it may be on the verge of a unified tightening, much like there was unified loosening in 2008-2015. A removal of policy accommodation means big central banks are buying fewer bonds. Lower demand for bonds = lower prices = higher rates. Finally, some traders are simply reacting to the momentum--selling bonds when rates rise above a certain threshold intraday (again, selling = higher rates), thus creating a snowball effect that pushes rates higher.

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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

	Rate	Change	Points
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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thank you for coming to website. Having been a loan officer for 20+year...I know first hand how important it is to stay on top of the news and event that effect mortgage rates, regulation, and program guidelines. Let this web site be a resource for you.

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