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A Message from Stephen Moye:

"Knowledge is power, call me for your free loan analysis"

UPDATE: At Best Levels as Dudley Pushes Back on Fed Paper

It's a slow morning for financial markets in the US, but a relatively active day for European bond markets where German 10yr yields (the benchmark for "European bond markets") continues giving Treasuries a **friendly boost**.



Without any meaningful news at home, bond markets have honed in on a paper penned by economists and presented to the Fed. Its thesis is that Fed bond buying isn't as important as rate cuts when it comes to combating recession. **NY Fed President Dudley** was on hand to offer **critiques** and is on record as follows:

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
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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

"I would take a much less skeptical view of the Federal Reserve's balance sheet as a tool of monetary policy. While additional study of the effects of large-scale asset purchase (LSAP) programs should be encouraged-as it furthers our understanding of the use of these unconventional monetary policy tools-the paper's findings do not, in my mind, invalidate the use of LSAPs when the Federal Reserve is operating at or close to the zero lower bound for short-term interest rates. That is the key issue-not the magnitude of the effects of LSAPs or whether short-term interest rates should be the primary tool of monetary policy. On the latter point, which is consistent with the FOMC's statements about policy normalization, I see broad agreement."

In other words, Dudley is saying that bond buying is still the **only way to fly** once the Fed Funds Rate has been dropped to its lower bound. Keep in mind that Dudley is one of the 3 most influential voices in the FOMC. It's not as if he's saying the Fed needs to go out and buy bonds today, but his comments suggest the Fed likely won't be quick take long-term bond buying out of its policy quiver. All things being equal, that's good for rates today.

The combination of the Fed comments and European gains have 10yr yields down 4.4bps at 2.875% and Fannie 3.5 MBS up more than a quarter point at 99-27 (99.84).



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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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