



## Stephen Moye

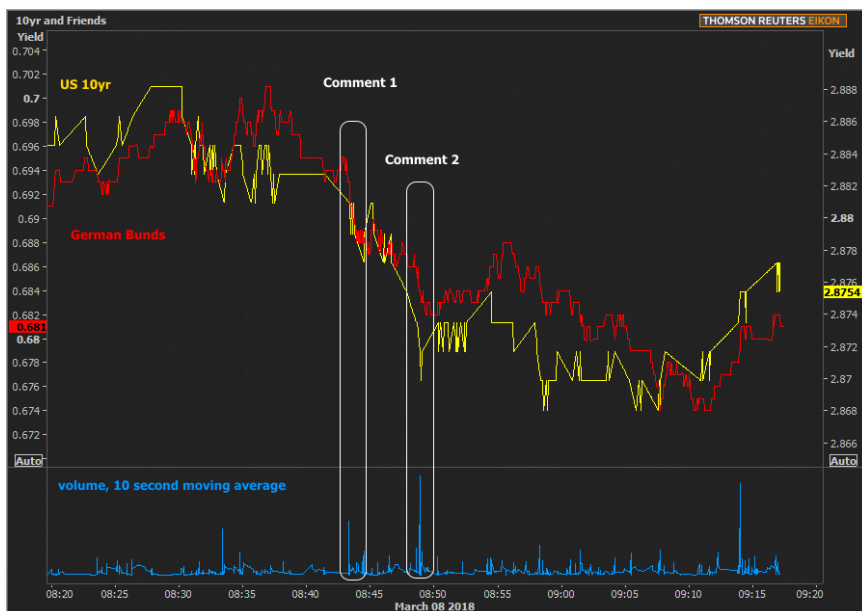
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# UPDATE: Bonds Liking Draghi So Far; Here Are The 2 Comments That Mattered

ECB President Mario Draghi is still fielding questions at the press conference following this morning's policy announcement. We've already seen a modest but **noticeable reaction** to 2 of his comments. Conveniently, these line up perfectly with spikes in volume and movement, so there's little doubt as to the correlation.



**Comment 1:** DRAGHI SAYS DECISION DOESN'T SIGNAL CHANGE IN EXPECTATIONS OR REACTION FUNCTION

**Comment 2:** DRAGHI SAYS THERE WASN'T MUCH DISCUSSION ABOUT OTHER POSSIBLE CHANGES

In other words, it's status quo for the ECB. Bond markets like that status quo.

Based on past precedent, the more important questions and answers are more likely to be seen earlier in the press conference (as were the 2 comments above). In other words, we **might not hear anything else** from Draghi that catches markets' attention. That said, some traders are simply

## 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
<b>Mortgage News Daily</b>			
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
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
<b>Mortgage Bankers Assoc.</b>			
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

waiting for the press conference to be over.

10yr yields are currently down half a bp at 2.875. Breaking below 2.87% **would be a good thing** considering the failed attempt following the modest, Draghi-inspired rally seen in the chart above. Fannie 3.5 MBS are 1/32nd (.03) higher on the day at 99-21 (99.66).



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