



Stephen Moye

Sales Manager/Senior Loan Officer NMLS:
268619/CA-DBO268619, New American Funding Corporation. NMLS: 6606, Equal Housing Lender
Licensed by the Department of Business Oversight

Office: 619-309-1678
Mobile: 619-895-8128
Fax: (619) 793-1026
stephen.moye@nafinc.com
[View My Website](#)

Under the California Residential Mortgage Lending Act

CA-DBO268619 Corp. NMLS: 67180 Equal Housing Lender
1615 Murray Canyon Road #1050 San Diego, CA 92108

UPDATE: What's Behind The Move (And Other Interesting Observations)

Bonds have rallied for a 2nd straight day, which perhaps leads us to wonder "what's behind this move?"

The first place I'd point you is back to that past example of a similar recovery in 2015. [Here it is](#). In that context, we haven't seen a rally that we would call "confirmed" just yet. After all, just pull up a 3-month chart of 10yr yields in MBS Live and you can see that this entire week continues to trade above last week's highest yields.

Still, there's green on the screen, so it's fair to wonder why it might be there. There are several possibilities, but none of them are unequivocally provable.

- We could be seeing some "sell the rumor, buy the news" with respect to today's Korea news
- We could be seeing some early month-end buying
- Traders could have concluded that GDP was underwhelming
- We could still be benefiting from stronger gains in European bond markets
- Or most likely, this is a story of trading positions--especially as they relate to the yield curve. As of yesterday, it had risen/steepened enough to make it back into an important inflection zone--exactly the sort of technical zone you'd target if you were trading corrective steepeners after observing an overly-flat curve. In other words, the green line went low enough that traders thought it should go a bit higher, and they used ample past precedent to determine where "high enough" was for this recent move. As the green line moves back down, it tends to coincide with buying in longer-term yields.

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

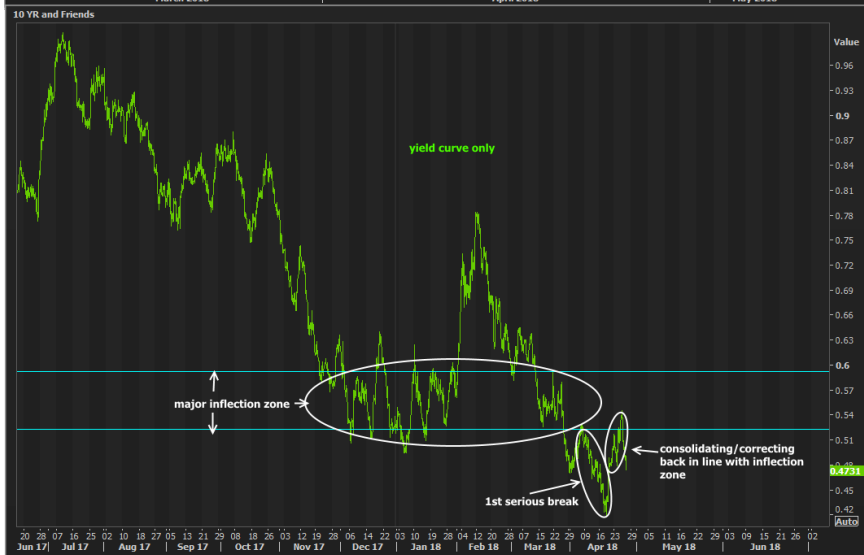
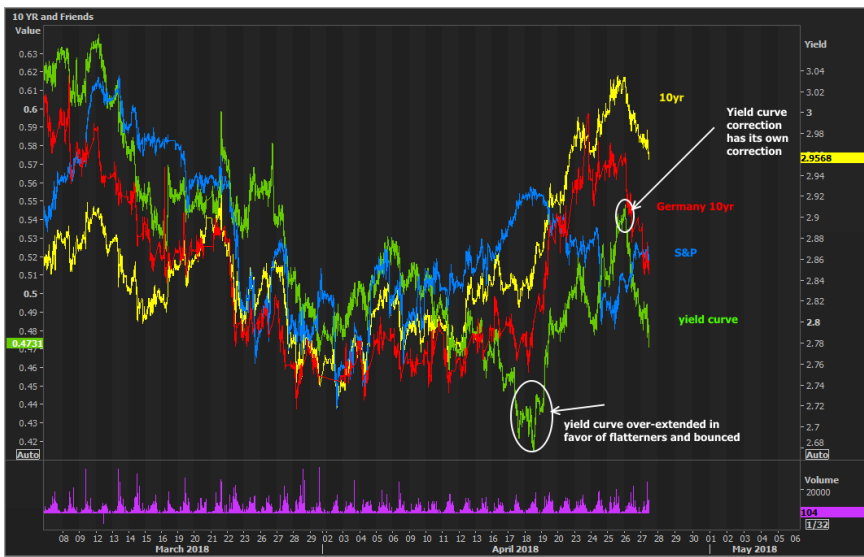
Freddie Mac

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



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