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## The Week Ahead: Big Economic Data and Big Decisions For Bonds

This week brings several top tier economic reports as well as a Fed announcement. Combine that with today's month-end trading process, it makes for a robust and evenly-distributed slate of potential market movement. The caveat is that we haven't seen any pronounced reactions to economic data recently. One **notable exception** is the NFP reading from the beginning of the month (the one that came in at 103k), which helped bonds rally after 3 days of selling (and perhaps to stave off the negative trend seen in the 2nd chart below.

The top portion of the chart relates recent movement to horizontal pivot points. Most notable among these (as far as this week is concerned) is 2.96. It acted as a clearly-defined ceiling earlier in the year, and now stands a chance to become a floor. While yields are trading in the 2.95's to start the week, there's **still a risk** that 2.96% could end up looking like a floor if things go badly for bonds by the end of the week. When it comes to validating trendlines and technical levels, I'm more interested in FREQUENCY than with perfect performance.

In other words, trendlines can be thought of as the **central point of a general idea**. Bounces don't have to be perfect as long as they're close. The more clearly-defined the previous trend, the safer it is to count any bounce that's "close" as a part of that trend.

The **other way to approach** this issue of imperfect technical cues is to plot competing trends, as seen the the lower half of the chart. The yellow lines represent the negative sideways-to-slightly higher trend that followed the initial, abrupt rate spike at the beginning of the year. That trend was temporarily broken by the late March Fed Announcement, trade war fears, and the early April NFP miss. In order to continue viewing that trend as relevant, we'd have to say that bonds hustled to get back inside the yellow lines and ended up overshooting.

## 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>Market 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



	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

Speaking of the Fed Announcement, we have another one coming up on Wednesday. But **don't expect** the bond market reaction to be quite as pronounced. That's because this Fed Announcement is JUST the announcement. It doesn't include the Economic Projections (the most important part of which being the "dots"--the Fed's rate hike outlook) or the press conference with Fed Chair Powell. Markets have grown to expect the Fed to save rate hikes and other big changes for those meetings with the press conference. While the Fed has promised "every meeting is live," they have yet to prove it. This week isn't likely to see that change.

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