

## 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 Under the California Residential Mortgage Lending Act

CA-DBO268619 Corp. NMLS: 67180 Equal Housing Lender 1615 Murray Canyon Road #1050 San Diego, CA 92108 Office: 619-309-1678 Mobile: 619-895-8128 Fax: (619) 793-1026 stephen.moye@nafinc.com

View My Website

# The Day Ahead: Is Today The Day We Break 2.82? Should You Even Care?

Is today the day we break the "key technical level" at 2.82? Spoiler alert: **you shouldn't care and it doesn't matter**. I'm sorry if this is disillusioning or confusing. I spend a fair amount of time talking about technicals and various lines in the sand. It might leave you with the impression that some future move is more likely if we can just get past a certain hurdle.

But technical levels aren't as simple as "glass ceilings" for bond prices. They're much more like mile markers that simply let us know where we're at on any given journey. If you'd like to bask in more long-winded definitions and discussions, here they are:

Basic Concepts of technical analysis
Pivot Points, Key Levels, Floors, Ceilings, Etc.
Trust The Technicals?

The bottom line is that 2.82% gives us something to watch and something to talk about in a market that really doesn't give a damn about 2.82% or whether or not you have anything to watch or talk about. Bond trading levels are being determined by forces far beyond the control of investor sentiment. They're **not** like stocks and **never will be** in that regard. We can't watch a particular company's performance. We can't look at that company's financials, management philosophy, earnings, product development, etc. and determine that other investors will probably buy more of its stock.

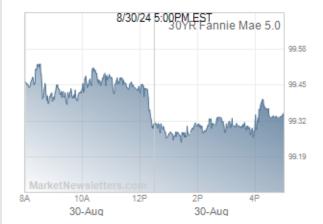
For our purposes, the entire bond market is a single company--the largest in the world. It underwrites loans for the biggest borrower in the world (US government), and it serves as the benchmark for everyone else's borrowing rates. Fiscal and monetary decisions that have absolutely nothing to do with the performance of that "company" can drastically alter trading levels.

For example, when Trump started spending more money and issuing more debt, yields had to rise due to supply and demand (higher supply = lower prices = higher yields). **Unlike** a big corporation's stock taking a hit due to some aspect of its performance, that spike in yields had/has nothing to do with the perceived investment quality of Treasuries. This is referred to as a "supply/demand technical" and just to confuse you, it has nothing to do with technical analysis or technical levels.

### 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: 9/17:34PM EST



#### **Average Mortgage Rates**

	Rate	Change	Points
Mortgage News I	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 Banker	rs 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

© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Ah yes, we were talking about technical levels... The above rant is really just a friendly reminder to not get too caught up in them. It's August still. This is prime time for bonds to be giving absolutely no clues and taking absolutely

	Rate	Change	Points
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

no cues. This is their vacation. 2011 was really the last year where something was truly happening for bonds in August. Apart from that, we've only seen modest extensions of springtime moves or indecision.

This year is an indecision year. Italy helped push back against the springtime trend and trade war fears perhaps solidified that. We've been in a big old sideways range (not that big by historical standards) ever since. While it's true that 2.82% is a good candidate for the bottom of that range, we also have 2.80% just below that. It gets to be a relevant technical level due to previous bounces in Feb/Mar. Then there's the yellow line in the following chart. Maybe we should be looking at the range in those diagonal terms?



At the end of the day, we might or might not break lower. If we do, it will have more to do with the fundamentals, supply/demand technicals, and even the simple fact that summertime absences left more buyers than sellers at the office today. Such a break would merely be a symbolic victory--one that will soon be eclipsed by the return of real momentum heading into the end of the year.

Subscribe to my newsletter online at: http://housingnewsletters.com/stephenmoye

## thanks for visiting this site

thank you for coming to website. Having been a loan officer for 20+year...! 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. New American Funding CA-DBO268619 Corp. NMLS: 6606

**Equal Housing Lender** 

Licensed by the Department of Business Oversight Under the California Residential Mortgage Lending Act

Stephen Moye



© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

 $@\ 2024\,MBS\,Live, LLC. - This \,newsletter\,is\,a\,service\,of\,\underline{MarketNewsletters.com}.$ 

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: <a href="http://housingnewsletters.com/stephenmoye">http://housingnewsletters.com/stephenmoye</a>