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: Bonds Break One Ceiling, But The Next One is More Important

Ever since bottoming out in early 2019, 10yr Treasury yields faced a pretty clear line in the sand from a technical standpoint. 2.82% stuck out like a sore thumb overhead due to multiple instances where it acted as a floor in 2018. It may have seemed too far away to worry about 3 weeks ago, but with 2.75% being broken yesterday/today, 2.82% is next in line.

Would a break above 2.82% be the **end of the world** for bonds? Not necessarily. In fact, in the biggest of pictures, as long as yields don't break above 3.26%, the longer-term outlook could remain positive. It would just be getting off to a rockier start compared to a scenario where yields are instead able to hold fairly steady in the 2.75-2.82 range until finding a reason to rally.

Either way, the longer-term outlook will depend on bonds finding that reason to rally. The list of **potential motivations** is fairly **short**:

1. Massive stock sell-off
2. Recession (with or without massive stock sell-off)
3. Some external eventuality (global economic weakness, for example)

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
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

that precipitates #1 or #2 above

	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

In the short term, risks look a bit **lopsided** for bonds. Traders assume that a government shutdown resolution will make for a bit of extra weakness. As we saw yesterday, any softening in tariffs or a tough trade stance would also likely hurt bonds and help stocks.

Long-story short, this is the **New Year correction** that it looked like we might not have to worry about back on January 3rd, when the new year was getting off to a great start for bonds. It just got started a few days late and has been muted by shutdown-related uncertainty. Without the shutdown, we'd likely be breaking that 2.82% ceiling today instead of 2.75%.

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...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.
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