



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

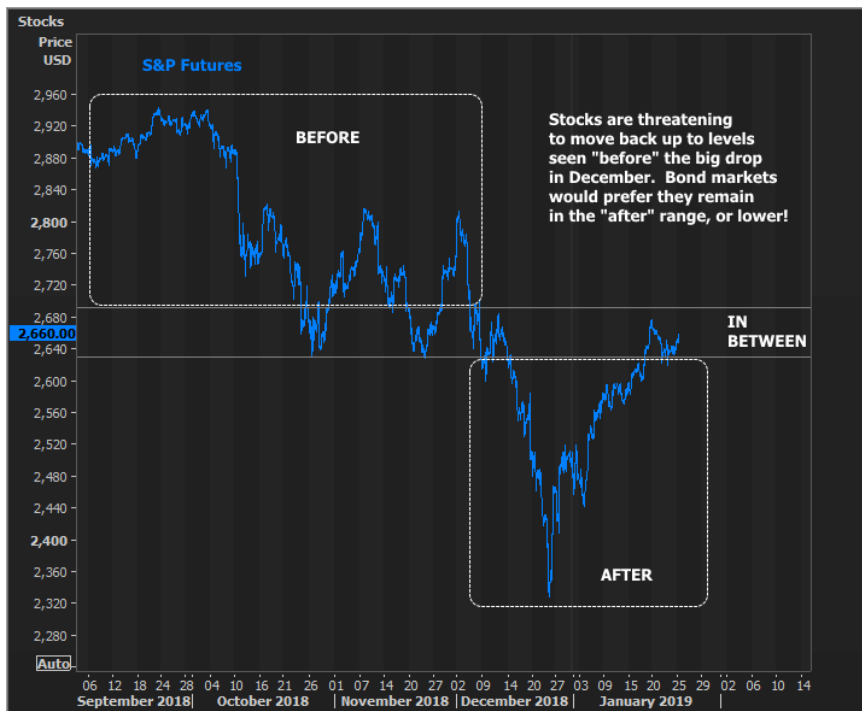
Under the California Residential Mortgage Lending Act
CA-DBO268619 Corp. NMLS: 67180 Equal Housing Lender
1615 Murray Canyon Road #1050 San Diego, CA 92108

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

The Day Ahead: The Middle Ground For Rates vs Stocks

We often use terms like "stock lever" and concepts like asset allocation to discuss the conventional wisdom of stock prices and bond yields moving in unison. I'll be the first to tell you what a **bad idea** that is if you're expecting a certain amount of movement in one to correlate with a predictable amount of movement in the other. Just a week and a half ago, I'd been looking for a break above 2600 in the S&P to coincide with a challenge of 2.75 or 2.82% in 10yr Treasury yields. But instead, bonds were able to remain well under 2.75% even as stocks suggested a breakout.

That's not to say there's no correlation--far from it! In fact, I would consider the next big move in stocks to be one of the most important sources of inspiration for the **next big move in bonds**. With that in mind, it's worth noting that stocks are currently in between ranges, with the recent momentum threatening a break back into the range seen before December's big sell-off.



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



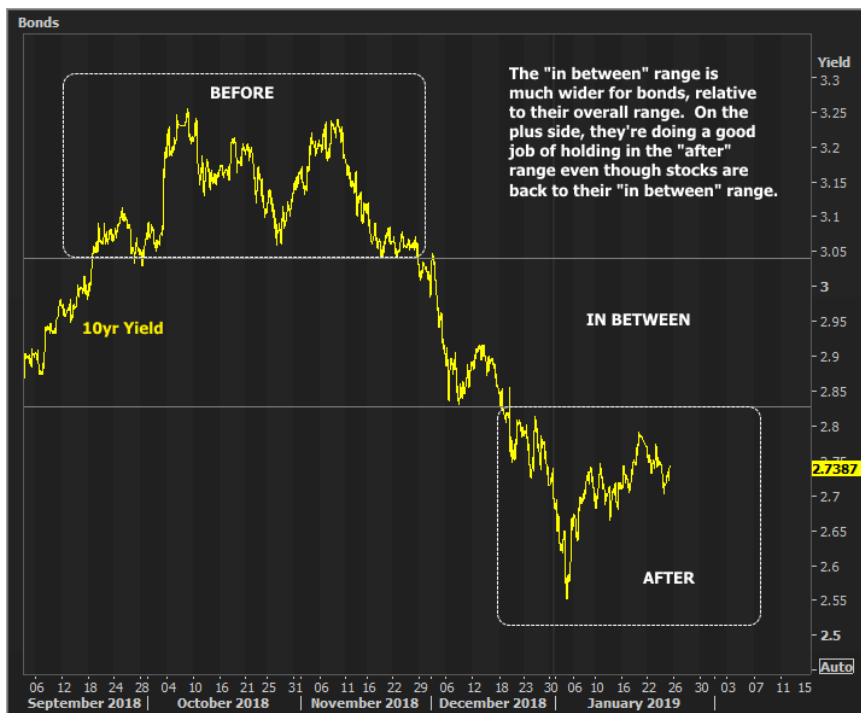
Average Mortgage Rates

	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

It's not entirely clear how bonds would react to such a thing. In relative terms, they've been more resilient than stocks would suggest, having only retraced a portion of their late December rally (whereas stocks have fully erased their late December sell-off). Either way, any break above 2.82% would be significant.

	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
significant.



The scariest possibilities (a return to the "before" range) would likely require a perfect storm of bad news for bonds (shutdown over, trade deal inked, econ data recovers). It seems like a **tall order** for all that to happen any time soon. But there are **headwinds for gains** as well--not the least of which being the fact that Treasury issuance certainly won't be going down any time soon.

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

