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: Still Waiting on Some Data, But FOMC and Jobs Will Carry Weight

The mighty Employment Situation (the big jobs report that gives us nonfarm payrolls, unemployment rate, avg hourly earnings, etc) is the king of all economic data in terms of market movement potential. It doesn't always make waves, but if we could only bet on one report making the biggest, most frequent waves on average for years and years into the future, this would be it. As such, it's a good thing that the report was **never affected** by the shutdown (the Labor Dept had its funding approved).

If the jobs report is the star of the show, there are several key supporting actors that HAVE been affected by the shutdown--reports like Durable Goods, Retail Sales, GDP, New Home Sales, and Incomes/Outlays. At the start of this week, we **still don't know** when we're going to see these reports (don't trust any economic calendar you see, because in many cases, they're automated based on an underlying data feed that is receiving default data with inaccurate rescheduled dates).

While the absence of those supporting actors will affect investors' ability to trade the bigger picture, the two most important events are going to happen on schedule. The first of these will be Wednesday's FOMC announcement and press conference. While the Fed will not be raising rates at this meeting, the text of the announcement provides an opportunity for the tone to shift away from the "steady as she goes" rate hike mentality to something that could give an official indication that the rate hike trajectory is "leveling off." This will also be the first January announcement followed by a **Powell press conference,** marking the start of an era where the same will occur after every announcement (as opposed to the "every other announcement" convention that began under Bernanke).

Then on Friday, the jobs report is expected to show NFP (nonfarm payrolls) dropped from 312k previously to 166k in the month of January. Much of that huge gap is explained by analysts assumptions regarding government contractors who haven't received pay during the shutdown. Notably, however, any non-contracted federal employee--even those who are 100% furloughed and "non-essential"--are still counted in the NFP number. The Bureau of Labor Statistics has a few helpful bullet points on its site to **remind us how things work:**

- Federal government employees who are working, but who will not be

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

paid until funding is available, are included in employment counts.

- Furloughed federal employees who were not working during the reference period, but who will be paid once funding is available, are also included in employment counts.
- On Wednesday January 16, 2019, the Government Employee Fair Treatment Act of 2019 was signed into law. The law requires employees of the federal government who are furloughed or required to work during the lapse in appropriations beginning on December 22, 2018, to be compensated for the period of the lapse. Because these employees will receive pay for the reference period, they will be counted as employed.
- Beyond federal government employees, any worker who did not work or receive pay for the entire pay period will not be included in the employment counts.
- Average weekly hours for the private sector employees may be impacted if employees' work schedules are changed as a result of the lapse of appropriation.

	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

I wish I could tell you I believed all the economists out there are/were aware of these details before submitting their NFP estimates to data aggregators, but sadly, I doubt that's the case. No one at Econoday/Bloomberg/Reuters/Etc is checking the IQs or vetting the attention-to-detail of economic forecasters. That's not usually a problem, because it's normally "business as usual." It probably won't be a problem this time around either, since we're dealing with MEDIAN estimates as opposed to averages. But **even then,** the implications for bonds are still slightly negative due to the simple fact that the average investor will be more willing to take any NFP weakness with a grain of salt this week.

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