



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

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

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

UPDATE: Bonds Rally Following Weak Retail Sales Reading

- Retail Sales
 - -1.2 vs +0.2 forecast
- Core Retail Sales (excludes food/cars/gas/building materials)
 - -1.7 vs +0.4 forecast
- Producer Price Index (core, y/y)
 - 2.6 vs 2.5 forecast
- Jobless Claims
 - 239k vs 225k forecast

Traders may be taking Retail Sales data collection with a grain of salt, but this was a big enough miss that it demands to be traded. Both stocks and bond yields have moved quickly lower in response. 10yr yields are down another 4bps from opening levels for a total of more than 5bps on the day (currently under 2.66). Fannie 3.5 MBS are up a quarter point and 4.0 coupons are up just over an eighth of a point.

In addition to the sales data, don't forget that Jobless Claims are becoming a relevant data point again. Simply put, they are increasingly speaking up about a potential shift in the labor market. In fact, on a quarter-over-quarter basis, the labor market shift has long since been confirmed (incidentally, this reeks of "skills gap" considering the record high job openings 2 days ago, but then again, job openings tend to top out just before a labor/economic cycle shifts, and that data was from December).

Here's a chart of continued claims (on the top) and Q/Q rate of change in continued claims on the bottom.

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
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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

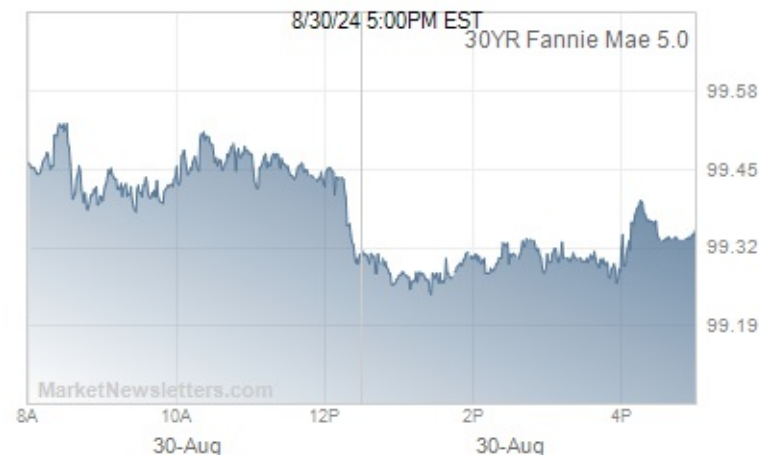
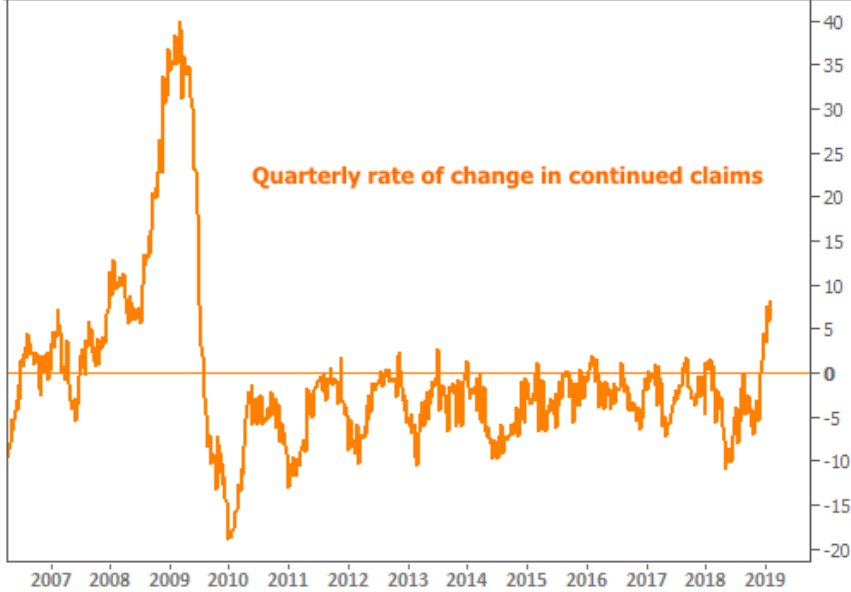
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

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

Rates as of: 8/30

Continued Jobless Claims



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