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Under the California Residential Mortgage Lending Act

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## UPDATE: Mega Rally Will be Over When It's Over (And It's Not Over Yet)

There haven't been any significant economic reports at home or abroad today (a few scattered 3rd tier reports, but none are moving markets). Rather, overnight headlines helped get the ball rolling on yet another drop to long term 10yr yield lows. Two European Central Bank officials, including Mario Draghi, commented on delaying the next rate hike and generally using aggressive monetary policy to combat any economic downturn.

And even bigger move happened around 5:40am ET. Without any major motivations nearby, we're left with the less satisfying explanations of [tradeflow](#) momentum and [technical](#) triggers. There were reports of technical stop loss levels bringing in short-covering in Treasuries and German Bunds at the time, as well as a big (very big) block trade in 5yr Treasuries on the CME at 5:46am.

10yr Yields dropped from 2.39 to 2.35 in that 30 minute time window and then began losing ground into the morning session in the US. Traders didn't let the selling happen for too long before "buying the dip" (in bond prices). Afternoon strength in European bonds as well as early weakness in US stocks both appear to be fueling the same "risk-off" trade that has 10yr Treasuries back down to 2.365%.

Fannie 3.5 MBS are up nearly a quarter of a point on the day at 101-22 (101.69). The fact that we're seeing such a big move after a day that looked to offer some push-back against the recent rally is just the latest reason to avoid assuming the bull run is in trouble until we have clear confirmation of that fact. A few bps of weakness here and there don't cut it.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.35	-0.16
MBS GNMA 5.0	99.91	-0.04
10 YR Treasury	3.9039	+0.0424
30 YR Treasury	4.1932	+0.0468

Pricing as of: 8/30 5:59PM 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



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