## Mortgage Market Update



### The Arizona Loan Baron

Timothy Baron, VP 2 Senior Loan Officer 2 Loan Baron, V.I.P. Mortgage, Inc.

Timothy Baron NMLS #184671 V.I.P. Mortgage, Inc. does 6390 E Tanque Verde Rd. Suite #200 Tucson, AZ 85715

## **UPDATE: Bonds Bounce Back After Decidedly Dovish Fed**

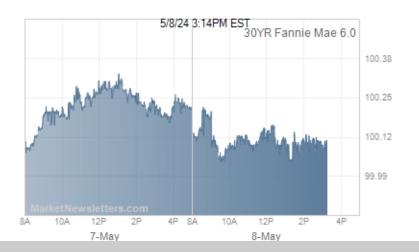
Not only did the Fed forego raising rates (as was unanimously expected), they did so while subtly downgrading their assessment of most of the economy AND also while pointing out increased external risks.

#### Specifically:

- 1. The Fed changed from viewing economic activity as "expanding at a moderate pace" to "slowed late last year."
- 2. The Fed now says that fixed investment is "moderate" as opposed to "solid."
- 3. The Fed now says that inventory investment has slowed.
- 4. The Fed now says inflation compensation (market-based inflation metrics from TIPS trading levels) declined further as opposed to merely remaining low.
- 5. The Fed is now "closely monitoring global economic and financial developments." That's an entirely new thought.

The only saving grace for the Fed was their ability to point to improvement in labor markets and reduction in labor force slack. In short, the Fed is also worried about the big economic picture, but not enough--at the moment--to deter their intended policy path.

Bond markets quickly shot to the best levels of the day, but haven't moved through yesterday's range yet. Prices and yields are currently consolidating either with the intention of continuing the rally or leveling-off here. Both doors remain open for now.



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Office: 520-275-5956 Mobile: 520-275-5956 timothybaron@vipmtginc.com View My Website

#### MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.11	-0.10
MBS GNMA 6.0	100.93	-0.19
10 YR Treasury	4.4948	+0.0373
<b>30 YR Treasury</b> Pricing as of: 5/8.3:14PM FST	4.6380	+0.0396

#### **Average Mortgage Rates**

	Rate	Change	Points
Mortgage News	Daily		
30 Yr. Fixed	7.20%	+0.01	0.00
15 Yr. Fixed	6.66%	+0.02	0.00
30 Yr. FHA	6.64%	+0.02	0.00
30 Yr. Jumbo	7.41%	0.00	0.00
5/1 ARM	7.33%	+0.03	0.00
Freddie Mac			
30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00
Mortgage Banke	ers Assoc.		
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87
Rates as of: 5/8			

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# The Arizona Loan Baron

The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me the opportunity to be your mortgage lending partner.

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