



The Arizona Loan Baron

Timothy Baron, VP & Senior Loan Officer at 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

Office: 520-275-5956

Mobile: 520-275-5956

timothybaron@vipmtginc.com

[View My Website](#)

The Day Ahead: The Unbelievable Impact of the Government Shutdown

Markets closed on Friday with a government shutdown still in limbo. Ostensibly, that meant the reaction in stocks and bonds wouldn't be fully seen until this morning. Indeed, there was a reaction, and for all the fuss made over the shutdown in the news (and even among some traders/analysts), the end result may be **hard to believe** (unless you've been paying attention to our analysis or otherwise already in the know).



In other words, **nothing happened** in markets, and that continues to be the case as the domestic hours begin. Part of the underwhelming response could be due to the fact that the shutdown is still in a sort of limbo, given that another temporary bill is in the works for today. But even then, it continues to be the case that government shutdowns aren't huge market movers, and certainly not responsible for any longer-term momentum.

In terms of data and events, the week is **more of a blank slate than normal**. Economic data is very light, with a few housing reports in the middle of the week and GDP/Durable Goods on Friday morning. None of the above is of significant interest to bonds at the moment. The Treasury auctions (Tue-Thu) are slightly more relevant, but this cycle is the less relevant of the two (2yr, 5yr, and 7yr).

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.05	-0.03
MBS GNMA 6.0	100.92	-0.11
10 YR Treasury	4.4743	-0.0116
30 YR Treasury	4.6262	-0.0102

Pricing as of: 5/7 2:25AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.25%	-0.03	0.00
15 Yr. Fixed	6.68%	-0.07	0.00
30 Yr. FHA	6.64%	-0.06	0.00
30 Yr. Jumbo	7.45%	-0.03	0.00
5/1 ARM	7.32%	-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 Bankers 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: 5/6

We expect ongoing corporate debt issuance throughout the week. Traders expect it too, and this has been one of the motivations toward higher yields in January (i.e. more corporate bond issuance than markets expected). Once this supply starts to die down, it will be time for bonds' first decent correction of the year (i.e. **a day or two of green** to break up all the recent red). There's no way to know exactly when that will happen, but this week is definitely a possibility.

Subscribe to my newsletter online at: <http://mortgagenewsletter.net/timothybaron>

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.

The Arizona Loan Baron

