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UPDATE: Global Risk Aversion Waning; Corp Issuance Waxing; Bonds Suffer

Reversal of fortune for bond markets today... As much as I've shied away from giving Chinese markets too much credit in the past, at present they're a relevant piece of the puzzle. It's not an exaggeration to say that today's bounce was led by the first substantial bounce in Chinese equities markets since the aggressive selling began.

Other equities markets and global bond yields followed the move higher throughout the night. Talk of **big corporate bond issuance** in the US only added to the selling pressure. A refresher on corporates for those who need it: corporate bond issuance refers to large companies selling bonds. Investors give the company cash and the company makes payments over time. If the credit quality is high enough, this can lure some investors away from other parts of the bond market, potentially decreasing demand in Treasuries and MBS. Additionally, the corporate bond is facilitated by big financial firms (usually several) who "lock rates" much the same way mortgage companies lock rates by taking a short position (aka "selling") in MBS. In the corporate bond case, it's typically Treasuries that get shorted because Treasuries serve as the index for the corporate yield (in other hypothetical words, "XYZ Corp is offering 10yr unsecured notes at US10yr Treasury yield + 140bps").

Jobless Claims did little to deter or accelerate the weakness. NOTE: It **LOOKS like** markets moved in response to Jobless Claims, but they did not. In fact, the morning's big corporate deal (Charter Communications, ±\$12bln) was announced at the same time.

The weakness only began to ebb when domestic equities markets opened and proceeded to **sell-off**. Treasuries and MBS aren't following in lock step, but they haven't moved any weaker since then. The only remaining domestic event on the horizon is the 30yr bond auction at 1pm, but there's plenty of headline-shock potential from Europe in the meantime.

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: 9/17:34PM 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
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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After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

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