



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 Week Ahead: Global Markets Still Searching For Bottom

Global financial markets are in something of a freefall at the moment. It's not like a pure freefall, but more like one of those wing suit things from the Red Bull youtube video you once saw. There are several ways to discuss the current issues, but the thesis is that investors are increasingly concerned that there is no traction in the global economy despite all the efforts to the contrary in recent days and years.

Of particular concern at the moment is China. One gets the impression that the average market participant didn't appreciate **how bad things were** for China and that its current efforts to stem selling in stocks and to devalue its currency are some of the first big "ah ha" moments in a saga that turns out to be much more alarming.

US markets are **definitely** responding, both in stocks and bonds. The following chart is early overnight trading for Monday in Treasuries, S&P Futures, Hang Seng Futures, and the Yuan.



And the drama **isn't just** about trading levels in financial markets. It's also shaping Fed policy expectations (just never you mind that we draw that conclusion based on trading levels in financial markets... Fed Funds Futures are sorta different). In the following chart, a Fed rate hike by December is seen as less likely as the line moves higher. In early overnight trading, it's spike again to recent highs. This is interesting because there's no major news for the domestic economy to be driving the move, so we can safely conclude that investors are safely concluding that China-related turmoil serves to

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.15	-0.22
MBS GNMA 6.0	100.56	-0.21
10 YR Treasury	4.4851	+0.0609
30 YR Treasury	4.5916	+0.0515

Pricing as of: 5/23 11:58AM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.17%	+0.08	0.00
15 Yr. Fixed	6.70%	+0.11	0.00
30 Yr. FHA	6.70%	+0.06	0.00
30 Yr. Jumbo	7.42%	+0.07	0.00
5/1 ARM	7.29%	+0.04	0.00

Freddie Mac

30 Yr. Fixed	6.94%	-0.50	0.00
15 Yr. Fixed	6.24%	-0.52	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/23

lessen the chances of a Fed hike. No major surprise there considering the Fed's mention of China in the Minutes, but it's still good to see markets taking them at their word.



This week, then, will have to devote at least some of its existence to getting this little death spiral sorted out. Either global markets are going to **melt down** here or they're going to find some footing and we'll muddle through until they do finally melt down. There is some relevant data this week, starting Tuesday with New Home Sales. After that, there's a reasonably important release at 8:30am on the following three days (Durable Goods, GDP, and Incomes/Outlays).

The **biggest** potential movement would be seen in the event of correlation between the data and the global market drama. In other words, if domestic data is worse than expected and markets continue to "sell stocks/buy bonds" due to global drama, the gains could be especially impressive. On the other hand, if global market panic stabilizes and data is strong, look out for a big move in the other direction.

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

