



The Arizona Loan Baron

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A Message from The Arizona Loan Baron:

"Great analysis here. Hawkish = bad for interest rates, dovish = good for interest rates."

UPDATE: Fed Talking Points Broken Down and Labeled Good/Bad/Neutral For Bonds

Here's a quick topic by topic breakdown of shifts in the Fed's verbiage. It's useful to understand "dovish vs hawkish" to best understand the "verdicts" below. Ultimately though, there was very little meaningful new info in today's announcement--a real snoozer.

1. On Economic Activity and Job Gains

- **BEFORE:** "rising moderately so far this year. Job gains have remained solid." "Unemployment rate has stayed low"
- **AFTER:** "rising at a solid rate despite hurricane-related disruptions. Although hurricanes caused a drop in payroll employment in September, the unemployment rate declined further"
- **VERDICT:** slightly hawkish, as the Fed pointed out unemployment drop despite hurricanes.

2. On Inflation and Prices

- **BEFORE:** "overall inflation and the measure excluding food and energy have declined"
- **AFTER:** "Gasoline prices rose in the aftermath of the hurricanes, boosting overall inflation in September, however, inflation for items other than food and energy remained soft."
- **VERDICT:** more dovish because the Fed is pointing out soft inflation even though energy prices were expected to pull up core inflation to some extent

3. On Hurricanes

- **BEFORE:** " Hurricanes Harvey, Irma, and Maria have devastated many communities, inflicting severe hardship. Storm-related disruptions and rebuilding will affect economic activity in the near term."
- **AFTER:** " Hurricane-related disruptions and rebuilding will continue to affect economic activity, employment, and inflation in the near term."
- **VERDICT:** mostly a reminder of what the Fed stated last time, but the

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM EST

Average Mortgage Rates

	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00

Freddie Mac

30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

addition of "employment and inflation" to last month's "economic activity" is possibly slightly dovish.

4. On Hurricane-related price implications

- **BEFORE:** "Higher prices for gasoline and some other items inn the aftermath of the hurricanes will likely boost inflation temporarily."
- **AFTER:** completely deleted
- **VERDICT:** mostly a matter of housekeeping, but it did serve as a somewhat dovish reminder of inflation's intractability



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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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