



**Chris Jones**

Mortgage Loan Officer, Nexa Mortgage, LLC  
 130813  
 3100 W Ray Road #201, Office 209 Chandler, Arizona 85226

Office: 312-505-9949  
 Mobile: 312-505-9949  
[chrisjones@nexamortgage.com](mailto:chrisjones@nexamortgage.com)  
[View My Website](#)

## Resilient Housing Data and Record Stock Prices Ahead of Long Weekend

While Columbus Day no longer marks a 3-day weekend for everyone, financial markets will be **closed until Tuesday**. It's not uncommon to see market volatility increase ahead of 3-day weekends and this one was no exception.

The week's most notable development was an impressive winning streak for stocks. The S&P 500 hit **record highs** for a 6th straight day before finally leveling-off on Friday.

Soaring stocks frequently coincide with rising rates. While that's generally held true in recent weeks, housing and mortgage markets have been surprisingly resilient.

In fact, through Wednesday, rates had actually **improved** on the week. Things changed on Thursday when Congress approved a budget blueprint paving the way for an eventual tax bill. This resulted in a huge move higher for stocks, but rates managed to hold their ground fairly well. After some volatility surrounding Friday's jobs report, rates drifted only slightly higher to end the week.

## National Average Mortgage Rates



|                            | Rate  | Change       | Points |
|----------------------------|-------|--------------|--------|
| <b>Mortgage News Daily</b> |       |              |        |
| 30 Yr. Fixed               | 6.43% | <b>+0.02</b> | 0.00   |
| 15 Yr. Fixed               | 5.95% | <b>0.00</b>  | 0.00   |
| 30 Yr. FHA                 | 5.82% | <b>+0.02</b> | 0.00   |
| 30 Yr. Jumbo               | 6.62% | <b>0.00</b>  | 0.00   |
| 5/1 ARM                    | 6.28% | <b>-0.01</b> | 0.00   |

### Freddie Mac

|              |       |              |      |
|--------------|-------|--------------|------|
| 30 Yr. Fixed | 6.35% | <b>-0.51</b> | 0.00 |
| 15 Yr. Fixed | 5.51% | <b>-0.65</b> | 0.00 |

Rates as of: 8/30

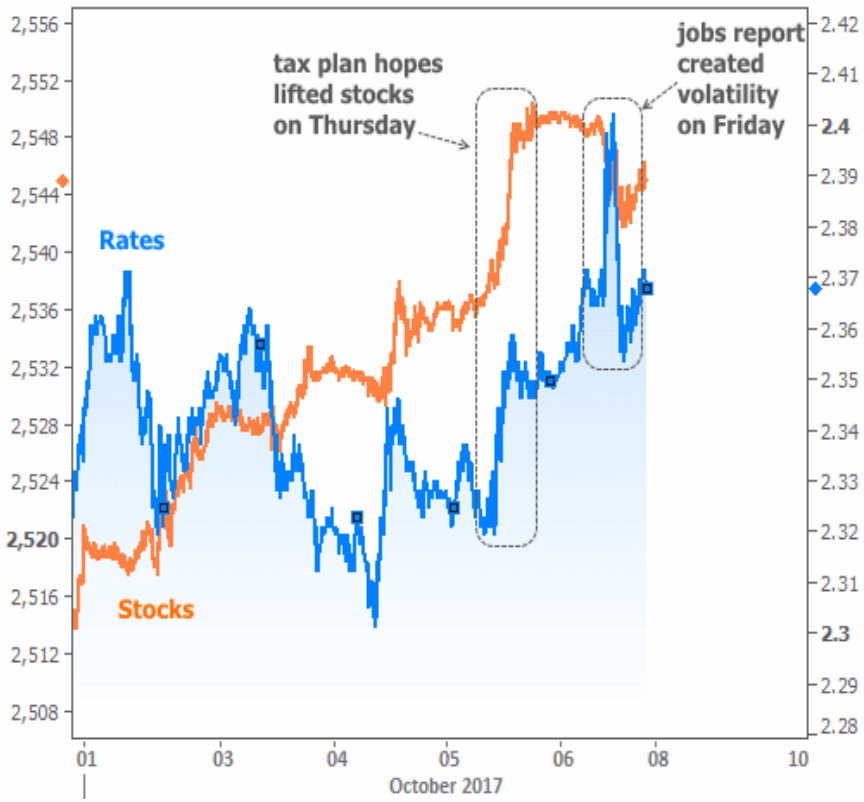
## Market Data

|                | Price / Yield | Change         |
|----------------|---------------|----------------|
| MBS UMBS 5.0   | 99.37         | <b>+0.02</b>   |
| MBS GNMA 5.0   | 99.93         | <b>+0.02</b>   |
| 10 YR Treasury | 3.9068        | <b>+0.0029</b> |
| 30 YR Treasury | 4.1960        | <b>+0.0028</b> |

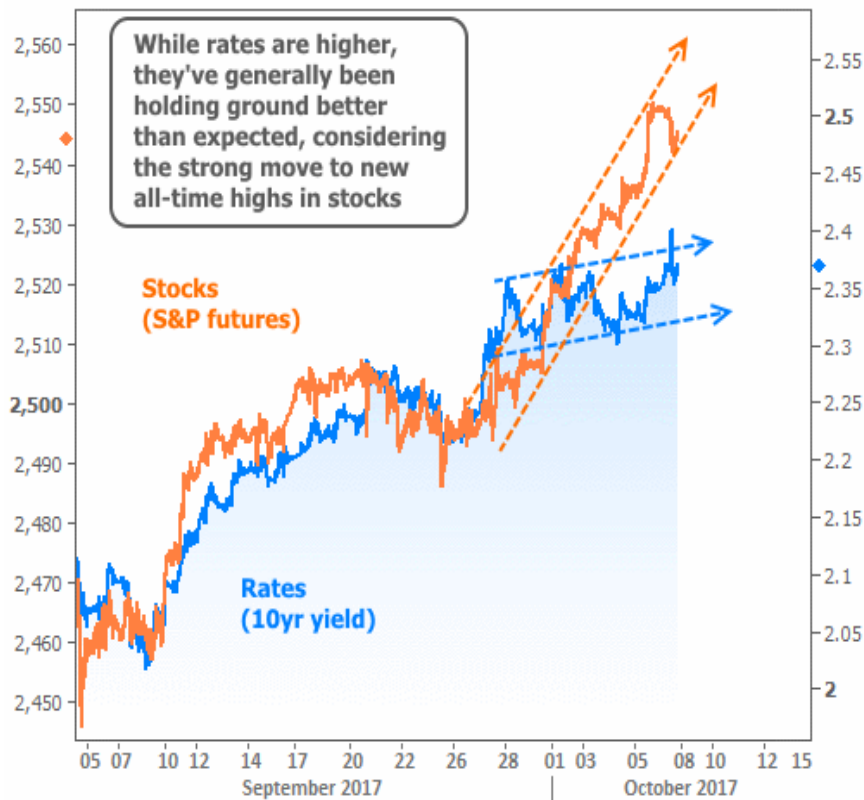
Pricing as of: 9/1 7:34PM EST

## Recent Housing Data

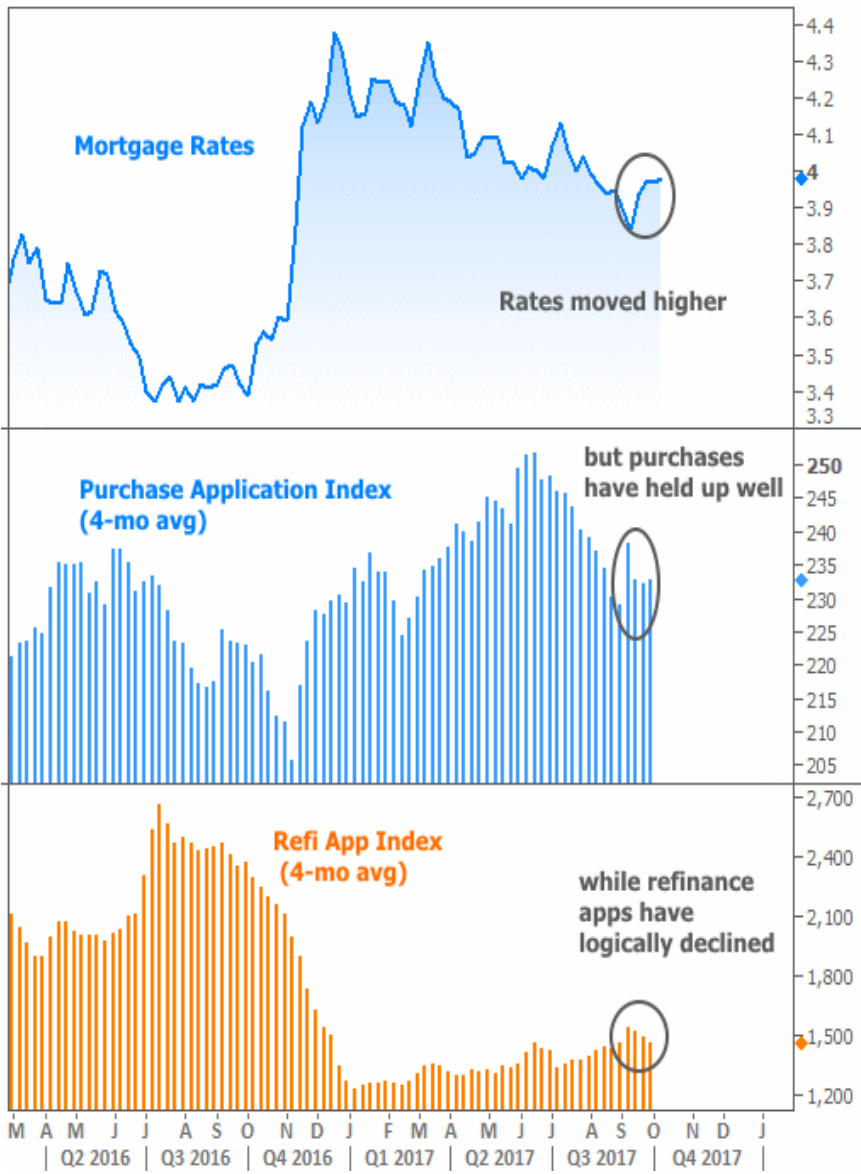
|                     | Value        | Change  |
|---------------------|--------------|---------|
| Mortgage Apps       | Aug 28 226.9 | +0.49%  |
| Building Permits    | Mar 1.46M    | -3.95%  |
| Housing Starts      | Mar 1.32M    | -13.15% |
| New Home Sales      | Mar 693K     | +4.68%  |
| Pending Home Sales  | Feb 75.6     | +1.75%  |
| Existing Home Sales | Feb 3.97M    | -0.75%  |
| Builder Confidence  | Mar 51       | +6.25%  |



Even if we zoom out to a bigger picture view, rates haven't been moving higher **nearly** as fast as stocks might suggest.

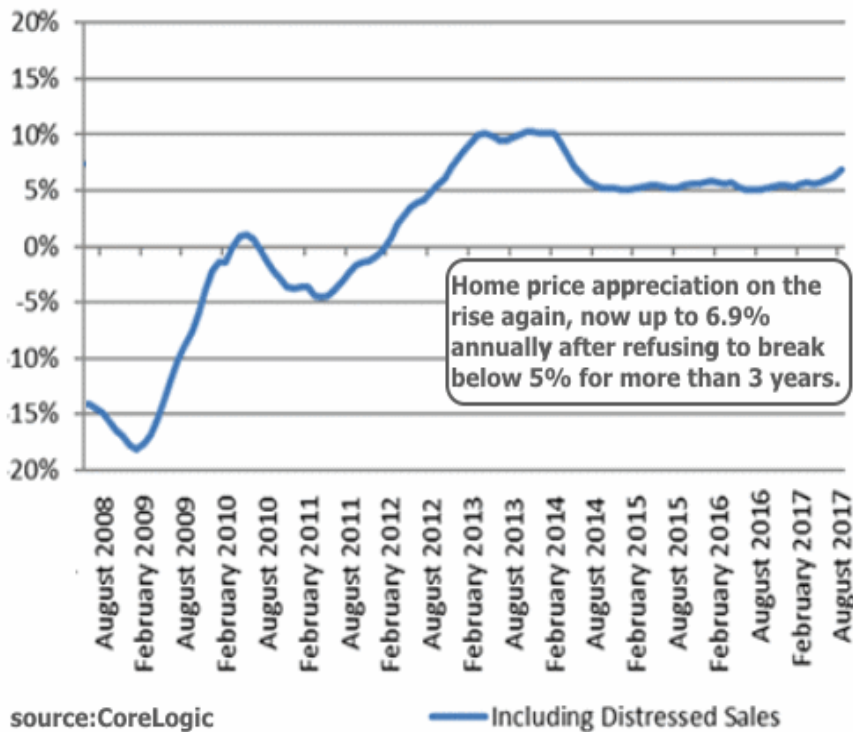


Shifting gears from "rates in general" to **mortgage rates** specifically, most indices continue showing the average conventional 30yr fixed rate just under 4% for top tier scenarios. The recent move higher has taken a logical toll on refinance applications, but purchase applications have been doing a good job of picking up the slack.



Some broader housing metrics are **even more encouraging**. CoreLogic updated its Home Price Index (HPI) this week, showing an impressive jump in annual appreciation from 6.7% to 6.9%. Even though the firm notes that nearly half of the biggest housing markets are overvalued, CoreLogic nonetheless expects price growth of 4.7% over the next 12 months.

### HPI Percentage Change Year over Year



The holiday-shortened week ahead brings several important economic reports and developments that could help shape the outlook for interest rates. The **highlight** will be the Consumer Price Index (CPI)--a key measure of inflation.

The Fed would like to see the Core annual rate of inflation at 2% or higher. According to CPI data, it's held at 1.7% since June, but economists are forecasting a move up to 1.8% when next week's data is released on **Friday the 13th**.

Even that mere 0.01% would be **plenty scary** for bond markets, likely making it tough for mortgage rates to move lower. But if CPI falls short of expectations, it could provide a clear signal for rates to recover some of their recent losses.

Subscribe to my newsletter online at: <http://mortgageratesupdate.com/chrisjonesmortgage>

### Recent Economic Data

| Date                     | Event                           | Actual | Forecast | Prior  |
|--------------------------|---------------------------------|--------|----------|--------|
| <b>Monday, Oct 02</b>    |                                 |        |          |        |
| 10:00AM                  | Aug Construction spending (%)   | +0.5   | 0.4      | -0.6   |
| 10:00AM                  | Sep ISM Manufacturing PMI       | 60.8   | 58.0     | 58.8   |
| 10:00AM                  | Sep ISM Mfg Prices Paid         | 71.5   | 64.0     | 62     |
| <b>Wednesday, Oct 04</b> |                                 |        |          |        |
| 7:00AM                   | w/e Mortgage Refinance Index    | 1419.2 |          | 1445.6 |
| 7:00AM                   | w/e MBA Purchase Index          | 233.4  |          | 231    |
| 8:15AM                   | Sep ADP National Employment (k) | 135.0  | 125      | 237    |
| 10:00AM                  | Sep ISM N-Mfg PMI               | 59.8   | 55.5     | 55.3   |
| <b>Thursday, Oct 05</b>  |                                 |        |          |        |

### Event Importance:

- No Stars = Insignificant
- ☆ Low
- ★ Moderate
- ★★ Important
- ★★★ Very Important

| Date                     | Event                              | Actual | Forecast | Prior |
|--------------------------|------------------------------------|--------|----------|-------|
| 8:30AM                   | Aug International trade mm \$ (bl) | -42.4  | -42.7    | -43.7 |
| 8:30AM                   | w/e Jobless Claims (k)             |        | 268      | 272   |
| 10:00AM                  | Aug Factory orders mm (%)          | +1.2   | 1.0      | -3.3  |
| <b>Friday, Oct 06</b>    |                                    |        |          |       |
| 8:30AM                   | Sep Non-farm payrolls (k)          | -33    | 90       | 156   |
| 8:30AM                   | Sep Unemployment rate mm (%)       | 4.2    | 4.4      | 4.4   |
| 8:30AM                   | Sep Average earnings mm (%)        | +0.5   | 0.3      | 0.1   |
| 10:00AM                  | Aug Wholesale inventories mm (%)   | 0.9    | 1.0      | 1     |
| <b>Monday, Oct 09</b>    |                                    |        |          |       |
| 12:00AM                  | Columbus Day                       |        |          |       |
| <b>Wednesday, Oct 11</b> |                                    |        |          |       |
| 7:00AM                   | w/e Mortgage Market Index          |        |          | 414   |
| 11:30AM                  | 3-Yr Note Auction (bl)             | 24     |          |       |
| 1:00PM                   | 10-yr Note Auction (bl)            | 20     |          |       |
| <b>Thursday, Oct 12</b>  |                                    |        |          |       |
| 8:30AM                   | Sep Core Producer Prices YY (%)    | 2.2    | 2.0      | 2.0   |
| 8:30AM                   | Aug Producer Prices (%)            |        | 0.3      | -0.1  |
| 1:00PM                   | 30-Yr Bond Auction (bl)            | 12     |          |       |
| <b>Friday, Oct 13</b>    |                                    |        |          |       |
| 8:30AM                   | Sep Retail Sales (%)               | 1.6    | 1.7      | -0.2  |
| 8:30AM                   | Sep CPI mm, sa (%)                 | 0.5    | 0.6      | 0.4   |
| 8:30AM                   | Sep Core CPI Year/Year (%)         | 1.7    | 1.8      | 1.7   |
| 10:00AM                  | Oct Consumer Sentiment             | 101.1  | 95.0     | 95.1  |
| 10:00AM                  | Aug Business Inventories (%)       |        |          | 0.2   |