



Matt Stout

Loan Originator, Consumers Financial Mortgage
 NMLS# 248427
 2834 S Highland Dr Salt Lake City, UT 84106

Mobile: 801-599-5363
greenteam@icansavemoney.com
[View My Website](#)

Let's Put "Weaker" Home Sales in Perspective

Two key home sales reports came out this week. Both were weaker than expected. But that **doesn't** mean the housing market is weakening. In fact, the housing market is doing rather well, all things considered.

I'm not here to make unfounded claims about strength in housing. Indeed, there's no getting around the fact that both Existing and New Home Sales were **lower** month-over-month and below the median forecast in both cases. I'd simply like to put this weakness in context.

When it comes to home sales data or any other economic data, it would be **tremendously unlikely** to see a series of "stronger than expected" results without a **periodic pull-back**. We've been looking forward to a healthy run of stronger results since February (see the Feb 15th Newsletter that laid this out [HERE](#)).

If we understand and accept that resilience and improvement rarely occur in a straight line, everything has proceeded largely as expected. As the chart in that previous newsletter suggested, the subsequent home sales data has been much stronger. In fact, with respect to Existing Home Sales specifically, February's numbers were arguably **too hot** compared to January's. The two reports since then (with April's numbers being released this week), have been **right in line** with a very comfortable and familiar 5.2 million unit annual pace.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00

Freddie Mac

30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00

Rates as of: 7/26

Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.68	+0.27
MBS GNMA 5.5	99.98	+0.13
10 YR Treasury	4.1958	-0.0474
30 YR Treasury	4.4523	-0.0305

Pricing as of: 7/26 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

Existing Home Sales



The counterpoints available to us in discussing New Home Sales are **even more definitive**. While it's true that New Home Sales "unexpectedly fell" this week, it's important to notice **where they fell FROM**. Last month's reading was the **highest** of the post-crisis housing recovery. Perhaps just as telling is the fact that this week's reading was the 3rd highest in the same time frame.

New Home Sales



Long story short: housing metrics may have been weaker this week, but they're much stronger than they were several months ago, and in relatively strong territory in the bigger picture.

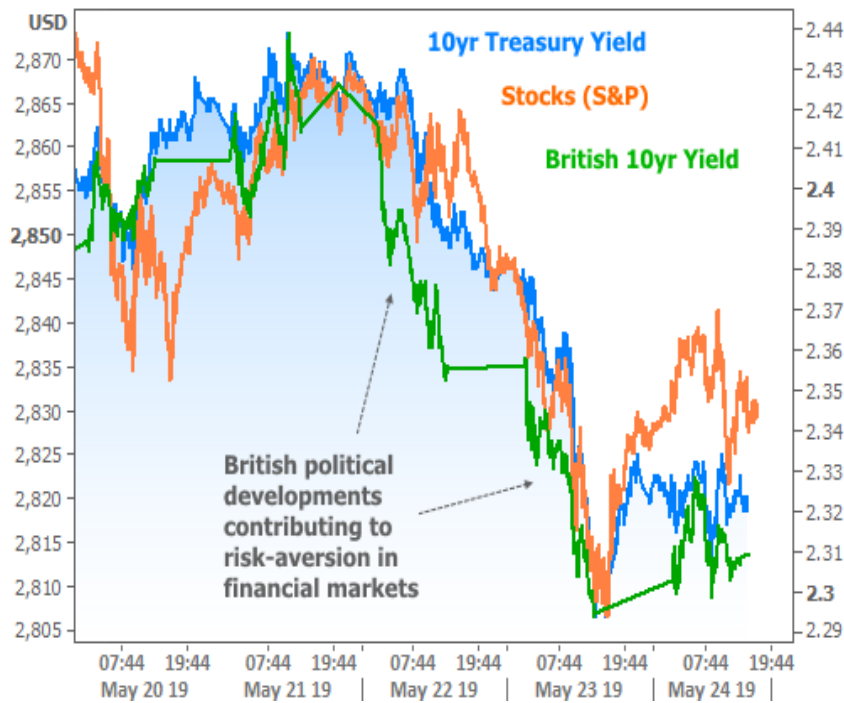
Beyond the sales numbers themselves, other housing-related indicators help build perspective. Among those indicators, **mortgage rates** stood out this week due to their drop to the **lowest levels in well over a year** (this depends on the lender as some were not quite back to late March lows while others were lower).

The drop in rates came courtesy of several developments that promoted **risk-aversion** in financial markets. In general, risk-aversion can be seen when investors are selling riskier assets like stocks and buying safer haven assets like bonds. Bond buying, in turn, pushes interest rates lower.

One of this week's standout narratives was that of **political upheaval in The UK**. Prime Minister Theresa May made a risky decision to broach the topic of reopening the Brexit referendum (pending certain prerequisites) in an attempt to gain support for her compromise plan. It **backfired** tremendously with the consequence being her resignation, effective June 7th.

British politics don't directly dictate US financial market trading levels. On the other hand, London is one of the world's largest and most important financial centers. The UK is also a critical trading partner of the EU. Together, their economies have an **important impact** on the global economy--big enough that uncertainty in The UK has global financial implications. Markets can't be certain of those implications, but traders have to do something to account for them. This week, that took the shape of risk-aversion.

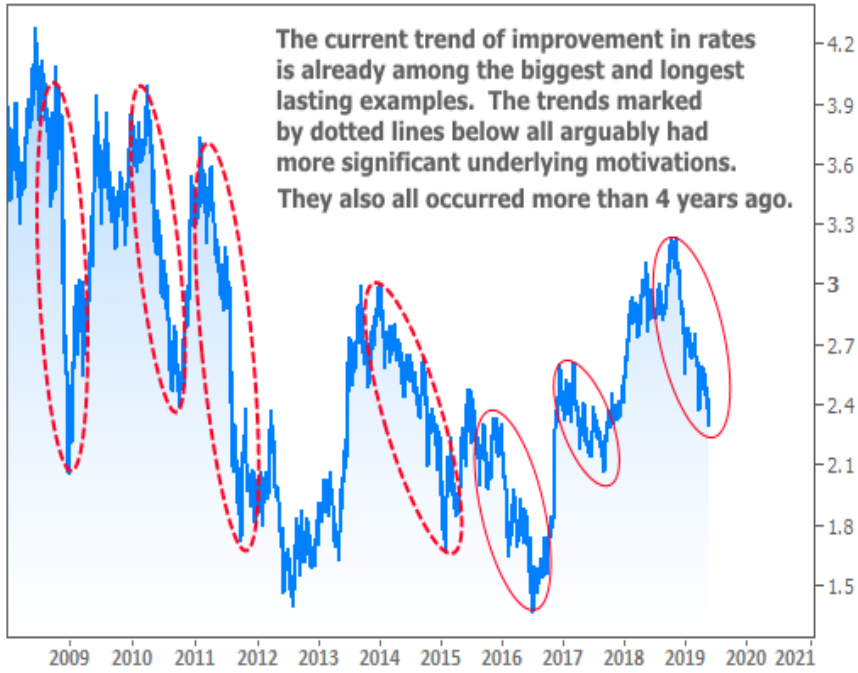
Rates vs Stocks



Risk aversion was also buoyed by ongoing trade war fears and weak domestic economic data. With a 3-day weekend ahead and a light calendar of scheduled data next week, we're likely **waiting until the first week of June** before seeing just how willing markets are to react to a full slate of economic reports.

Of course, the results of those economic reports will be important, but even then, **some caution is warranted** simply because the longer-term rally in rates is big enough that we might worry about its longevity. The following chart shows the biggest rally trends in 10yr Treasury yields (a proxy for movement in longer-term rates like mortgages). At no point in the past 4 years have we seen a move as big as the current trend. That's not to say it couldn't get even bigger--simply that we should be ready to observe and react to any potential signs of a shift.

Rates



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

Recent Economic Data

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
Tuesday, May 21				
10:00AM	Apr Existing home sales (ml)	5.19	5.35	5.21
10:00AM	Apr Exist. home sales % chg (%)	-0.4	2.7	-4.9
Wednesday, May 22				
7:00AM	w/e Mortgage Refinance Index	1334.9		1232.6
7:00AM	w/e MBA Purchase Index	263.0		268.5
2:00PM	FOMC Minutes			
Thursday, May 23				
8:30AM	w/e Jobless Claims (k)	211	215	212
10:00AM	Apr New home sales-units mm (ml)	0.673	0.675	0.692
10:00AM	Apr New home sales chg mm (%)	-6.9	-2.8	4.5
Friday, May 24				
8:30AM	Apr Durable goods (%)	-2.1	-2.0	2.6
Tuesday, May 28				
9:00AM	Mar CaseShiller 20 yy (%)	+2.7	2.6	3.0
10:00AM	May Consumer confidence	134.1	130.0	129.2
11:30AM	2-Yr Note Auction (bl)	40		

Date	Event	Actual	Forecast	Prior
1:00PM	5-Yr Note Auction (bl)		41	
Wednesday, May 29				
7:00AM	w/e Mortgage Refinance Index	1255.4		1334.9
7:00AM	w/e MBA Purchase Index	259.4		263.0
1:00PM	7-Yr Note Auction (bl)	32		
Thursday, May 30				
8:30AM	Q1 GDP Prelim (%)	3.1	3.1	3.2
8:30AM	w/e Jobless Claims (k)	215	215	211
10:00AM	Apr Pending Home Sales (%)	-1.5	0.9	3.8
10:00AM	Apr Pending Sales Index	104.3		105.8
Friday, May 31				
8:30AM	Apr Personal Income (%)	+0.5	0.3	0.1
8:30AM	Apr Core PCE Inflation (y/y) (%)	+1.6	1.6	1.6
9:45AM	May Chicago PMI	54.2	53.7	52.6
10:00AM	May Consumer Sentiment (ip)	100.0	101.5	102.4

Getting a mortgage doesn't have to be painful!

I call myself a Mortgage Navigator because I feel it is my duty to give you the best information possible, not matter what! I love making homebuyers homeowners! I've been a mortgage broker for 29 years and compare options from multiple lenders, delivering 5 ⭐ rates & service. Combined with my goal based mortgage planning, my desire is to help people make the best mortgage decisions while making the process less annoying and more fun. Not sure where to start?.. give me a call at 800-340-5465 or visit www.IcanSaveMortgage to find your best options today. Be sure to check out my YouTube channel link below for more helpful mortgage information.

Matt Stout

