



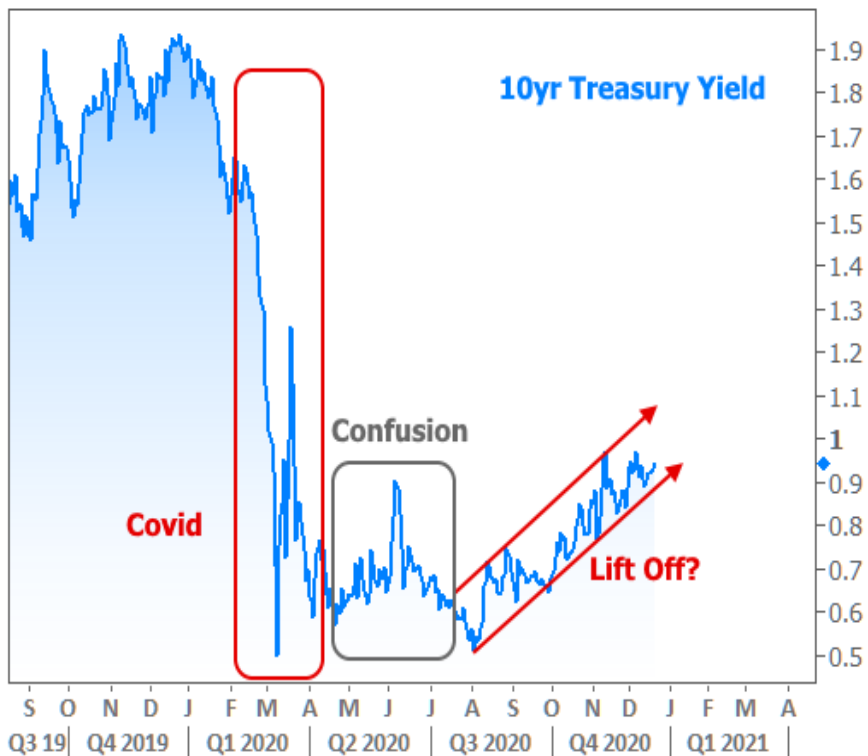
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## Mostly Charts And Quick Takes on Housing and Rates

It's a busy time of year on a busier-than-normal year, so I'll keep this short. Those interested in more detail can click through the links.

One major theme in the 2nd half of 2020 is that mortgage rates have been insulated from market drama--walking a different path than their usual best friend, 10yr Treasury yields. If you ask Treasuries, the big bounce in rates is already well underway.



Here's how mortgage rates have bucked that trend:

## National Average Mortgage Rates



|                            | Rate  | Change | Points |
|----------------------------|-------|--------|--------|
| <b>Mortgage News Daily</b> |       |        |        |
| 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   |
| <b>Freddie Mac</b>         |       |        |        |
| 30 Yr. Fixed               | 6.78% | -0.08  | 0.00   |
| 15 Yr. Fixed               | 6.07% | -0.09  | 0.00   |

Rates as of: 7/26

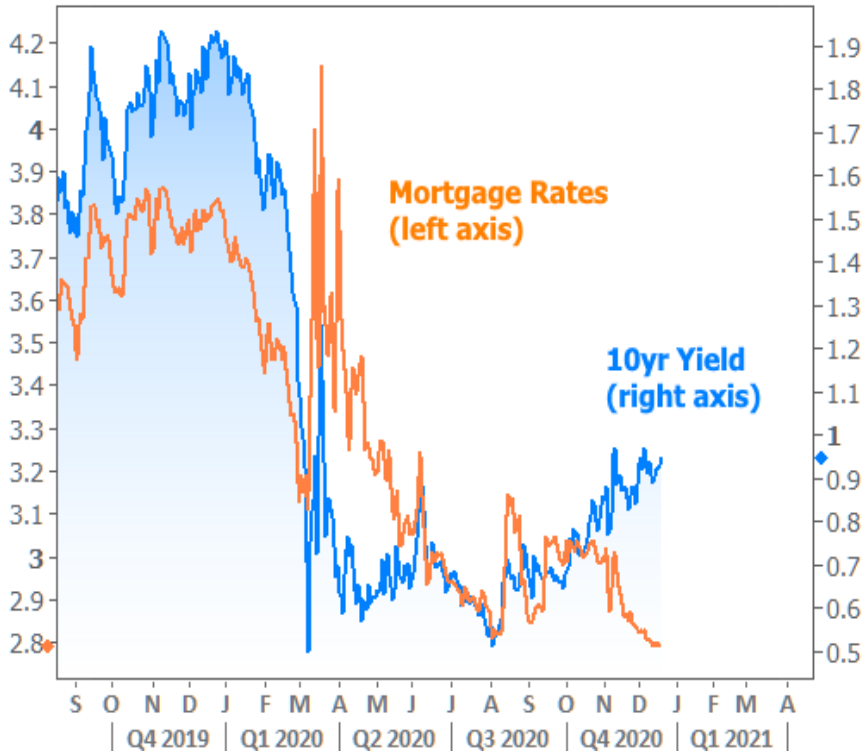
## Market Data

|                | 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 |

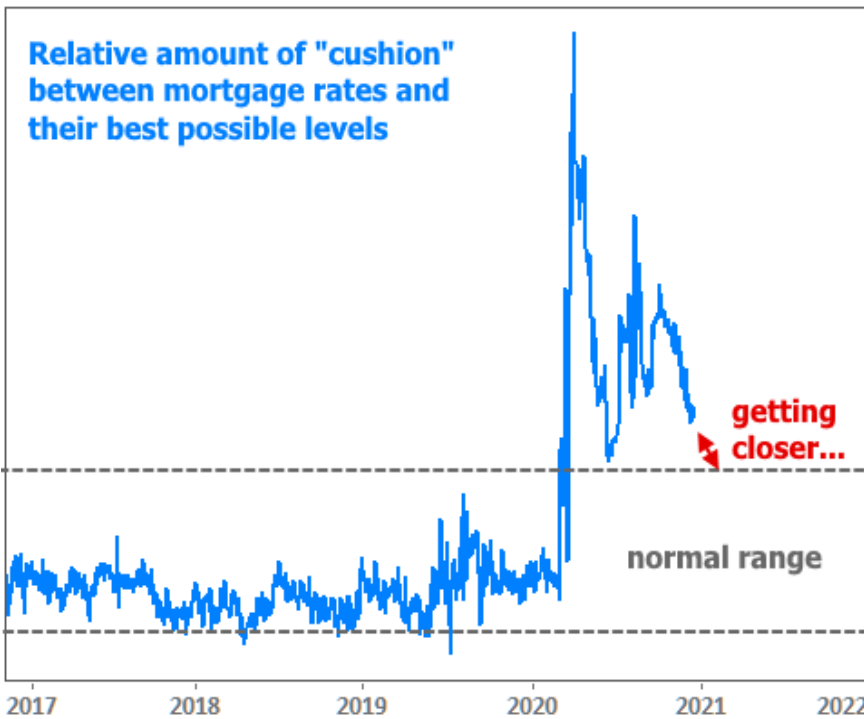
Pricing as of: 7/26 5:59PM EST

## 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%  |

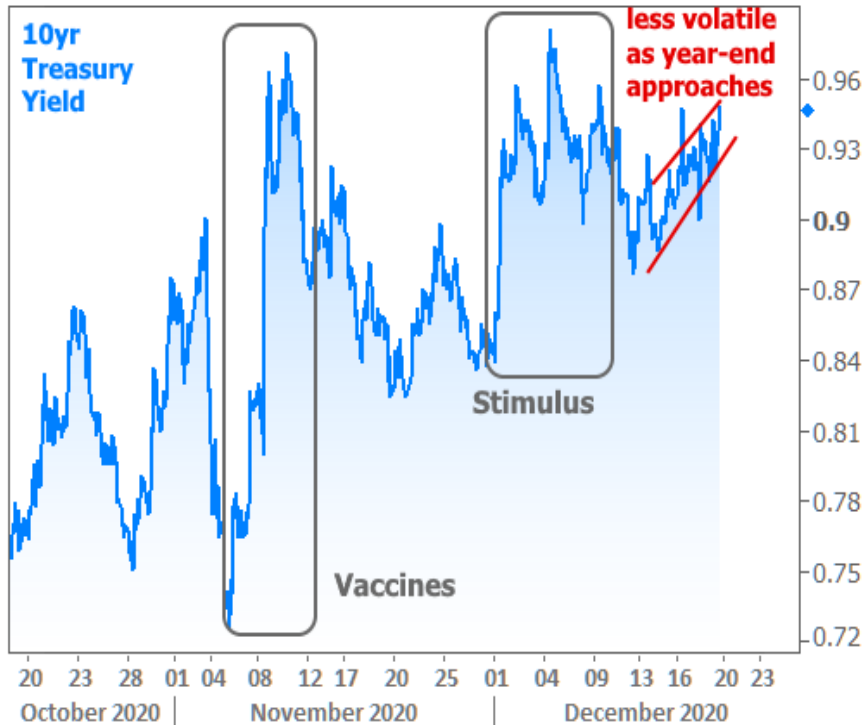


Last week's newsletter goes into more detail on **WHY** the insulation exists ([revisit it by clicking here](#)), but the important thing to know is that we're getting closer to "normal" day by day. Once we get there, mortgage rates will be less willing to defy their Treasury counterparts.

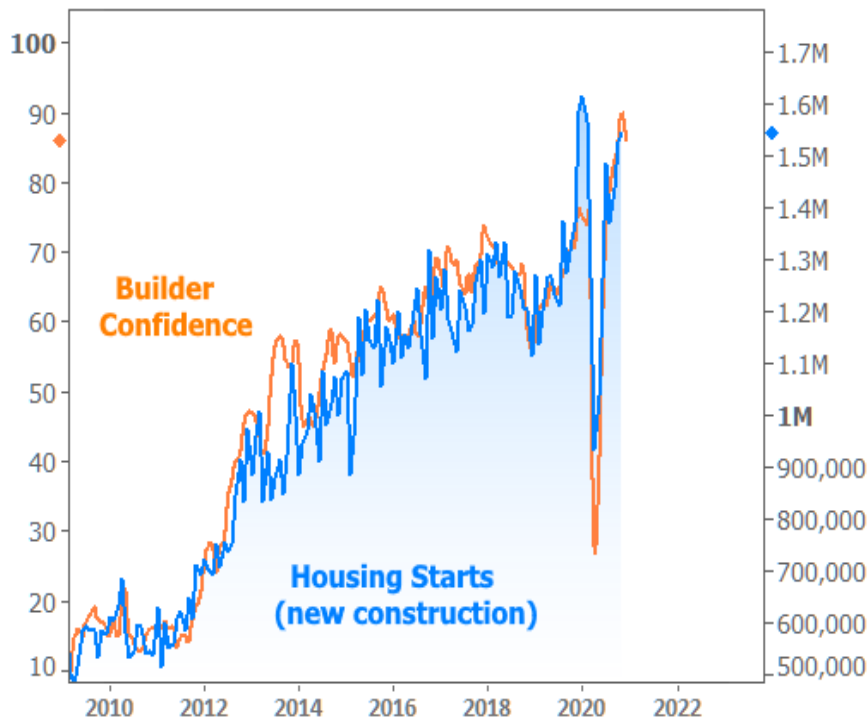


As to the likely fate of Treasury yields, there's room for movement in either direction. In the bigger picture, rates will take cues from the economic recovery--a multifaceted issue in itself--and the success of vaccine production/distribution.

Vaccine news already had a big impact in November. Vaccine headlines have since ceded the spotlight to fiscal stimulus headlines. While there will be one more spat of volatility after congress decides on stimulus (allegedly, before Christmas), the bond market is largely cooling down at this point and getting ready for the next big move. Even the mighty Federal Reserve--frequently the most important consideration for interest rates--failed to stir markets this week (any small scale reaction is completely lost inside the red lines below).



Another theme over the past 6 months has been stunningly strong housing numbers. This week's construction and builder confidence reports are just the 2 latest additions to the list.



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## Recent Economic Data

| Date                     | Event                             | Actual   | Forecast | Prior  |
|--------------------------|-----------------------------------|----------|----------|--------|
| <b>Tuesday, Dec 15</b>   |                                   |          |          |        |
| 8:30AM                   | Nov Import prices mm (%)          | 0.1      | 0.3      | -0.1   |
| 8:30AM                   | Nov Export prices mm (%)          | 0.6      | 0.3      | 0.2    |
| 8:30AM                   | Dec NY Fed Manufacturing          | +4.9     | 6.90     | 6.30   |
| 9:15AM                   | Nov Industrial Production (%)     | 0.4      | 0.3      | 1.1    |
| <b>Wednesday, Dec 16</b> |                                   |          |          |        |
| 7:00AM                   | w/e MBA Purchase Index            | 331.6    |          | 325.7  |
| 7:00AM                   | w/e MBA Refi Index                | 4014.5   |          | 3959.2 |
| 8:30AM                   | Nov Retail Sales (%)              | -1.1     | -0.3     | 0.3    |
| 9:45AM                   | Dec PMI-Composite (source:Markit) | 55.7     |          | 58.6   |
| 10:00AM                  | Dec NAHB housing market indx      | 86       | 88       | 90     |
| 10:00AM                  | Oct Business Inventories (%)      | +0.7     | 0.7      | 0.7    |
| 2:00PM                   | N/A FOMC rate decision (%)        | 0 - 0.25 | 0.125    | 0.125  |
| 2:30PM                   | Powell Press Conference           |          |          |        |
| <b>Thursday, Dec 17</b>  |                                   |          |          |        |
| 8:30AM                   | Nov House starts mm: change (%)   | 1.2      |          | 4.9    |
| 8:30AM                   | Dec Philly Fed Business Index     | 11.1     | 20.0     | 26.3   |
| 8:30AM                   | Nov Housing starts number mm (ml) | 1.547    | 1.530    | 1.530  |
| 8:30AM                   | Nov Build permits: change mm (%)  | 6.2      |          | -0.1   |
| 8:30AM                   | Nov Building permits: number (ml) | 1.639    | 1.550    | 1.544  |
| 8:30AM                   | w/e Jobless Claims (k)            | 885      | 900      | 853    |
| <b>Friday, Dec 18</b>    |                                   |          |          |        |
| 10:00AM                  | Nov Leading index chg mm (%)      | +0.6     | 0.5      | 0.7    |
| <b>Tuesday, Dec 22</b>   |                                   |          |          |        |
| 8:30AM                   | Q3 GDP Final (%)                  | 33.4     | 33.1     | 33.1   |
| 10:00AM                  | Nov Existing home sales (ml)      | 6.69     | 6.70     | 6.85   |
| 10:00AM                  | Nov Exist. home sales % chg (%)   | -2.5     | -1.0     | 4.3    |
| <b>Wednesday, Dec 23</b> |                                   |          |          |        |
| 8:30AM                   | Nov Core PCE Inflation (y/y) (%)  | 1.4      | 1.5      | 1.4    |
| 8:30AM                   | Nov Durable goods (%)             | 0.9      | 0.6      | 1.3    |
| 9:00AM                   | Oct Monthly Home Price yy (%)     | 10.2     |          | 9.1    |
| 10:00AM                  | Nov New Home Sales (ml)           | 0.841    | 0.995    | 0.999  |
| 10:00AM                  | Dec Consumer Sentiment (ip)       | 80.7     | 81.3     | 81.4   |
| 10:00AM                  | Nov New Home Sales (%) (%)        | -11.0    | -0.3     | -0.3   |
| <b>Thursday, Dec 24</b>  |                                   |          |          |        |

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

| Date                  | Event                 | Actual | Forecast | Prior |
|-----------------------|-----------------------|--------|----------|-------|
| 8:30AM                | Nov Durable goods (%) |        | 0.7      | 1.3   |
| 2:00PM                | Christmas Holiday     |        |          |       |
| <b>Friday, Dec 25</b> |                       |        |          |       |
| 12:00AM               | Christmas Day         |        |          |       |

## Quality, Experience, and Expertise

I advise clients on some of the most important financial decisions of their lives. A mortgage, either as a home or an investment, should be a very calculated and educated decision. That's where I come in. I service all of California, so if you have a mortgage need please contact me.

**Robert Dylina**

