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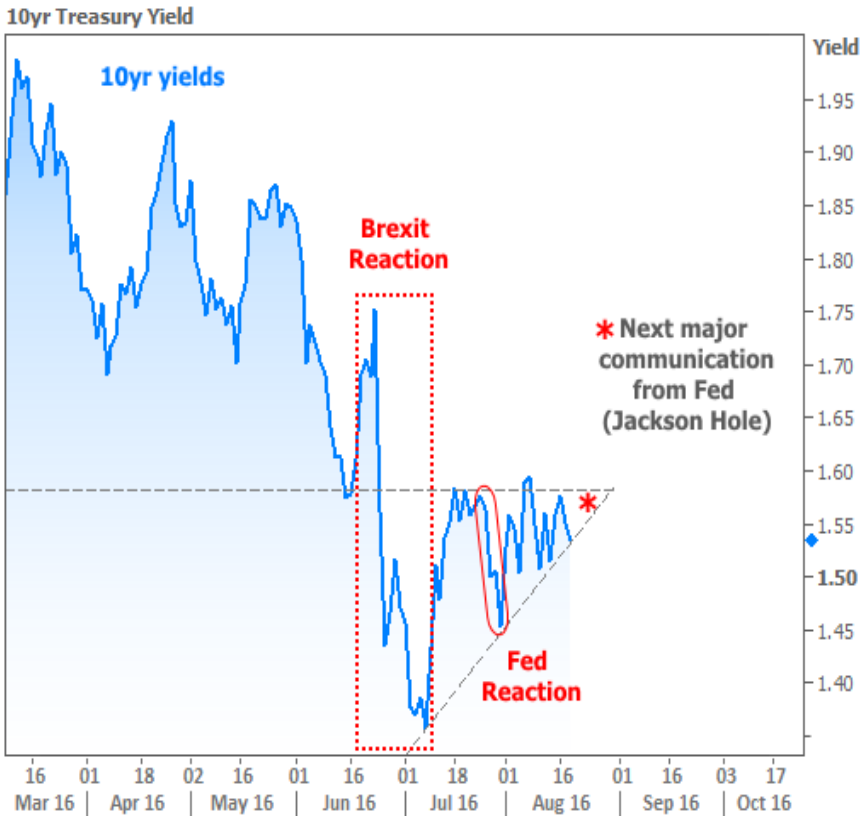
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What Will It Take To Break Holding Pattern in Housing and Markets?

Two separate holding patterns were in focus this week--one in housing-related economic data, and the other in broader financial markets. One of these holding patterns stands a good chance of **being broken** next week. The other is anyone's guess.

The holding pattern in financial markets was precipitated by the UK's vote to leave the European Union (Brexit) in late June. Brexit, itself, did not force financial markets to get locked in a tight trading range. Rather, it sent markets on a relatively **wild ride**. It's in the aftermath of that wild ride that we see markets wondering which way to go next.

The following chart shows 10yr Treasury yields (the best benchmark for big picture domestic interest rate movement). Notice that even the late July Fed announcement **couldn't manage** to break yields out of the increasingly narrow range.



National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.71	+0.01
10 YR Treasury	5.1266	-0.0076
30 YR Treasury	5.4731	-0.0027

Pricing as of: 11/16 7:20PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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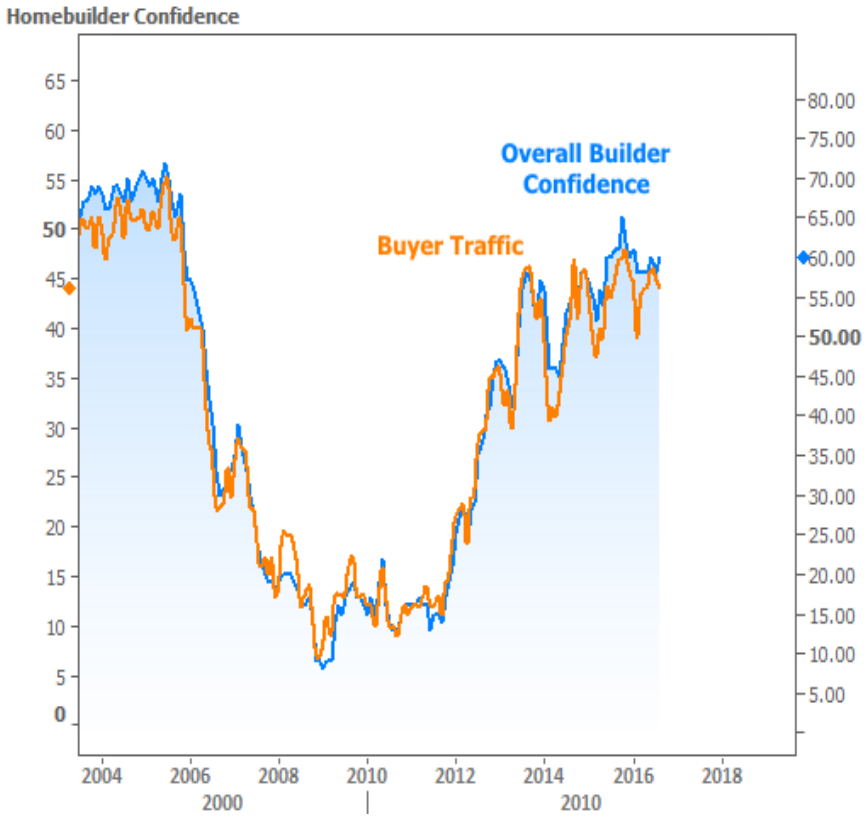
Then, this week's release of the Fed "Minutes" (more detailed notes from the meeting that resulted in the "Fed Reaction" above) couldn't even cause enough movement to earn a place on the chart. Instead, it will take something more potent.

The best candidate for such a potent event is next week's Jackson Hole Symposium, generally regarded as a venue for the Fed to offer a slightly **more candid overview** of where monetary policy is headed. With markets currently seeing nearly a 50 percent chance of a rate hike by December, hopes are high that Yellen's speech next Friday will add clarity to the debate.

Even if Yellen doesn't inspire markets for better or worse, interest rates will have **run out of room** to be indecisive and must choose a path soon. Historically, such breakouts often mark the start of a new wave of momentum.

Housing-related economic data isn't quite so lucky when it comes to having its holding pattern forcibly ended. Two separate reports reiterated the "decent but stagnant" level of growth in construction.

The National Association of Homebuilders released its Housing Market Index. This measure of builder confidence has been **stuck** in the same range since December and is currently being weighed down by the component that measures buyer traffic.

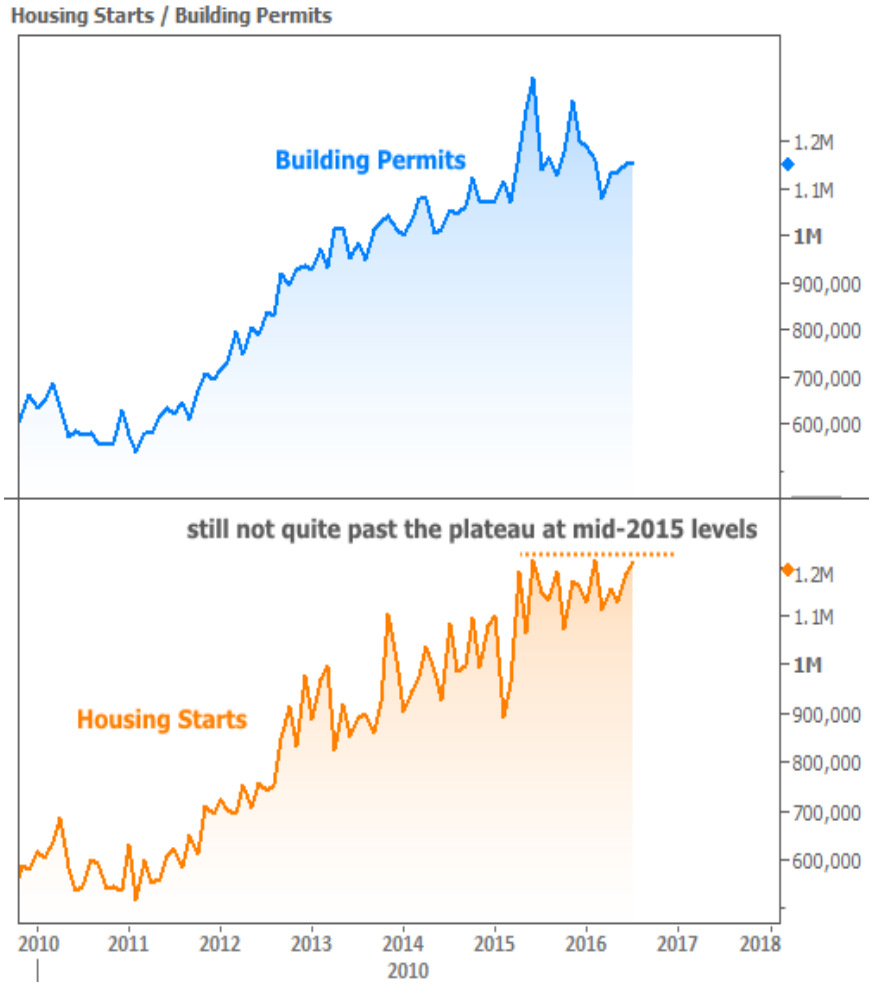


In separate data, Housing Starts and Building Permits also **continue to struggle** breaking their last major high from the middle of 2015.

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The data isn't all stagnant when it comes to housing, however. In particular, both Freddie Mac and CoreLogic released updated predictions for originations in 2016. Both see **significant increases in loan volume** thanks to historically low interest rates. Unsurprisingly, a majority of that volume is attributable to refinance demand, although purchase loans have increased as well.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Aug 15				
8:30AM	Aug NY Fed manufacturing	-4.21	2.50	0.55
10:00AM	Aug NAHB housing market indx	60	60	59
Tuesday, Aug 16				
8:30AM	Jul CPI index, nsa	240.65	240.831	241.040
8:30AM	Jul Core CPI mm, sa (%)	+0.1	0.2	0.2
8:30AM	Jul Core CPI yy, nsa (%)	+2.2	2.3	2.3
8:30AM	Jul Housing starts number mm (ml)	1.211	1.180	1.189
8:30AM	Jul Building permits: number (ml)	1.152	1.160	1.153

Event Importance:

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

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Date	Event	Actual	Forecast	Prior
9:15AM	Jul Industrial output mm (%)	+0.7	0.3	0.6
9:15AM	Jul Capacity utilization mm (%)	75.9	75.6	75.4
Wednesday, Aug 17				
7:00AM	w/e Mortgage Market Index	541.5		564.0
Thursday, Aug 18				
8:30AM	Aug Philly Fed Business Index	2.0	2.0	-2.9
8:30AM	w/e Initial Jobless Claims (k)	262	265	266
Tuesday, Aug 23				
10:00AM	Jul New home sales-units mm (ml)	0.654	0.580	0.592
1:00PM	2-Yr Note Auction (bl)	26		
Wednesday, Aug 24				
9:00AM	Jun Monthly Home Price mm (%)	0.2		0.2
10:00AM	Jul Existing home sales (ml)	5.39	5.51	5.57
1:00PM	5-Yr Note Auction (bl)	34		
Thursday, Aug 25				
8:30AM	Jul Durable goods (%)	+4.4	3.3	-3.9
1:00PM	7-Yr Note Auction (bl)	28		
Friday, Aug 26				
8:30AM	Q2 GDP Prelim (%)	+1.1	1.1	1.2
10:00AM	Aug U Mich Sentiment Final (ip)	89.8	90.6	90.4
Wednesday, Apr 05				
2:00PM	FOMC Minutes			

Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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