

THE FEDERAL SAVINGS BANK



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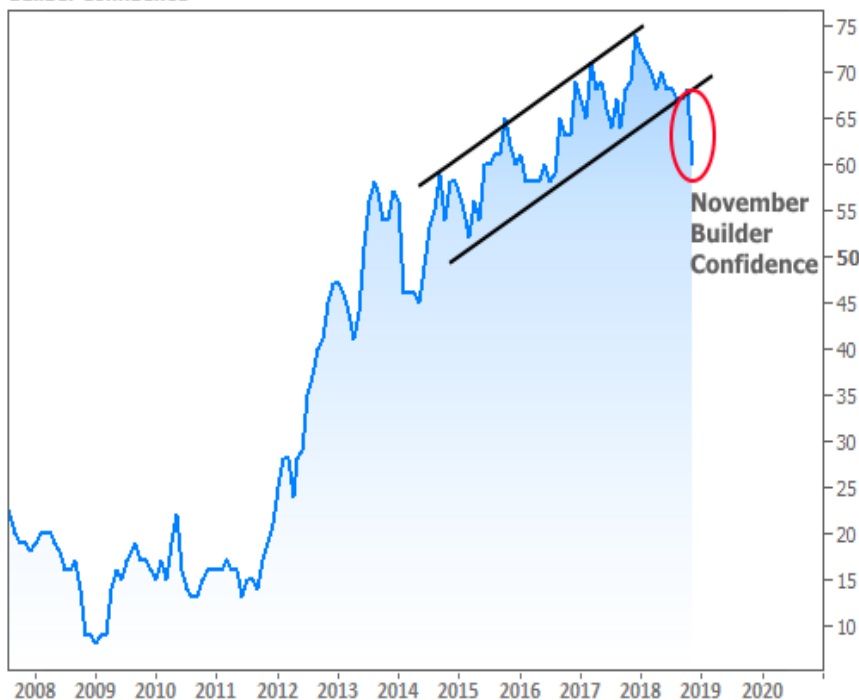
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Housing Showing Some Signs of Stabilizing

It wouldn't be 2018 in the housing market if there wasn't at least one report painting a gloomier picture. The National Association of Homebuilders Housing Market Index (or "builder confidence" for short) did those honors this week.

Up until now, builder confidence had been holding up better than other housing metrics in 2018. **That changed abruptly** this week as confidence dropped to the lowest levels in more than 2 years, and at the fastest pace in more than 4 years.

Builder Confidence



What's up with this sudden shift? Builders chalked it up, in large part, to recently **higher rates and home prices**. One other factor to consider is the psychological effect of sharp losses in the stock market.

Builder confidence was the **only** downbeat housing report of the week though! Numbers were roughly as-expected elsewhere. This keeps longer-term trends in decent shape, especially with respect to residential construction numbers.

National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Rates as of: 8/30

Market Data

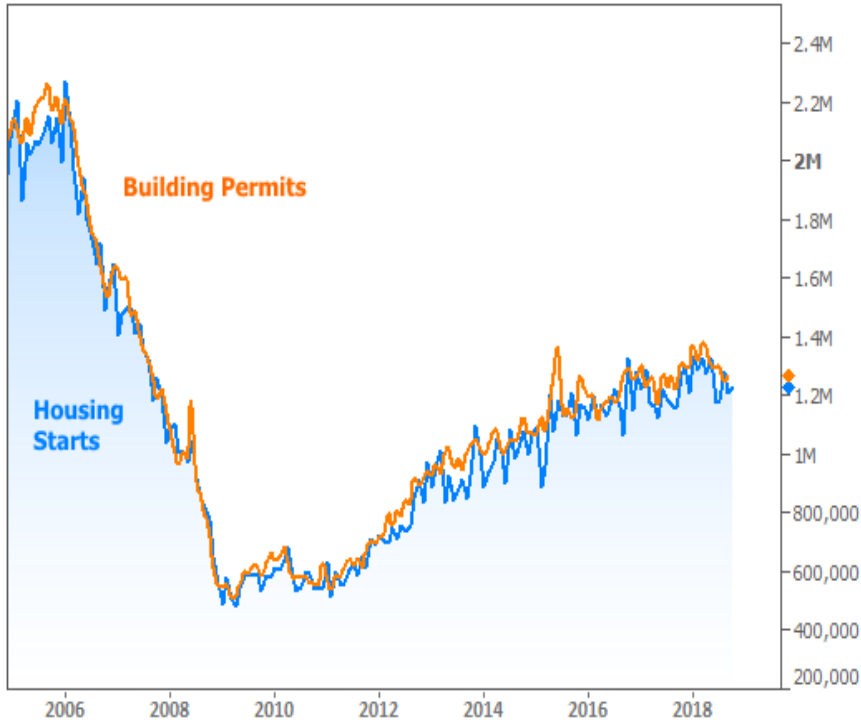
	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

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%

Residential Construction



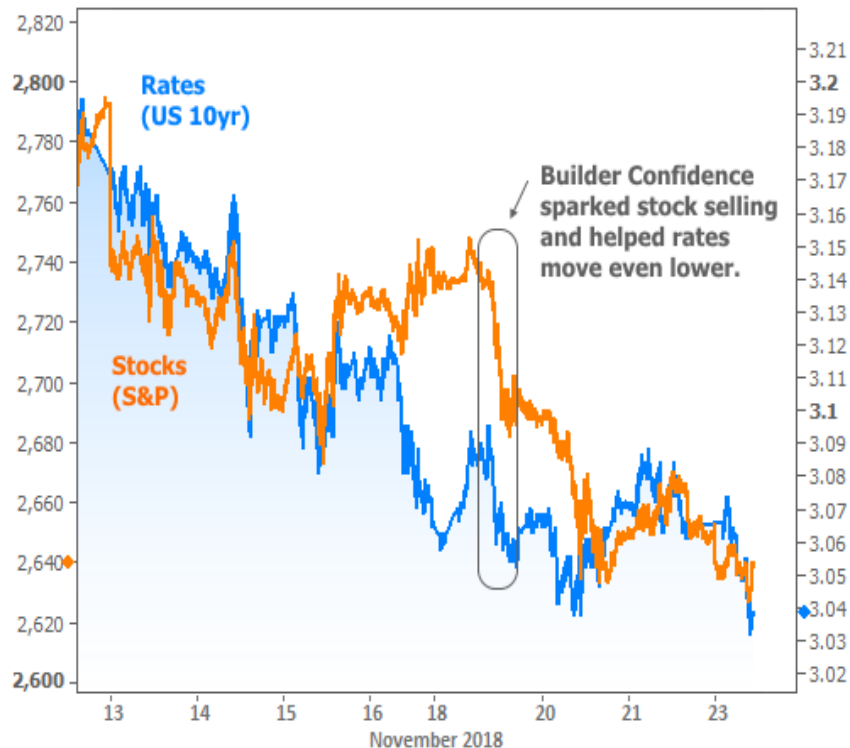
Existing Home Sales have fallen a bit more noticeably in 2018, but by bouncing here, they would be able to maintain a longer-term uptrend that began roughly 5 years ago.

Existing Home Sales



In terms of market movement this week, interest rates remained fairly flat while stocks continued lower. Incidentally, the builder confidence numbers (which don't tend to move markets) were **shocking enough** to cause a bit of a stir on Monday morning.

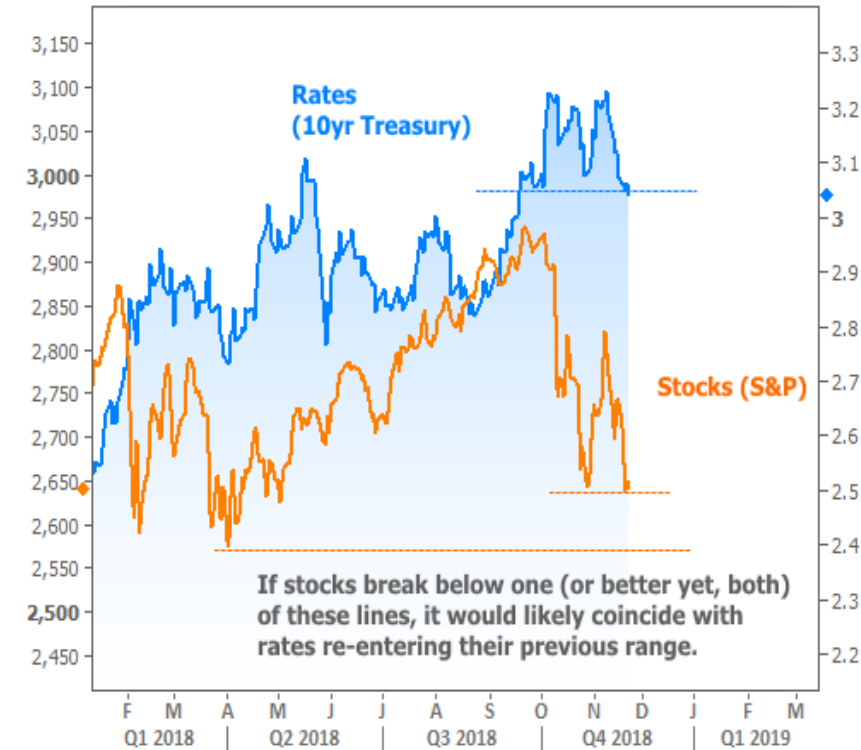
Stocks vs Bonds



Simply put, rates might have moved **higher** this week had it not been for the builder confidence data setting the tone (it was the first and only economic report on Monday morning).

In general though, it doesn't make much sense to read too much significance into Thanksgiving week market movement. As market participants return in greater numbers for the last few full weeks of the year, we'll be watching to see if stocks break below the key floors seen in the following chart. If they do, that could provide the inspiration for rates to continue lower.

Stocks vs Bonds



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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Nov 20				
8:30AM	Oct Build permits: change mm (%)	-0.6		1.7
8:30AM	Oct Housing starts number mm (ml)	1.228	1.225	1.201
8:30AM	Oct House starts mm: change (%)	+1.5		-5.3
8:30AM	Oct Building permits: number (ml)	1.263	1.267	1.270
Wednesday, Nov 21				
7:00AM	w/e MBA Purchase Index	227.7		220.8
7:00AM	w/e Mortgage Refinance Index	783.7		824.7
8:30AM	Oct Durable goods (%)	-4.4	-2.5	0.7
8:30AM	Oct Nondefense ex-air (%)	0.0	0.2	-0.1
8:30AM	w/e Jobless Claims (k)	224	218	216
10:00AM	Oct Existing home sales (ml)	5.22	5.20	5.15
10:00AM	Oct Exist. home sales % chg (%)	+1.4	1.0	-3.4
10:00AM	Nov U Mich Sentiment Final (ip)	97.5	98.3	98.3
10:00AM	Nov U Mich 1Yr Inf Final (%)	2.8		2.8
10:00AM	Nov U Mich 5-Yr Inf Final (%)	2.6		2.6
Tuesday, Nov 27				
9:00AM	Sep CaseShiller 20 yy (%)	+5.1	5.3	5.5

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
9:00AM	Sep Monthly Home Price mm (%)	0.2		0.3
10:00AM	Nov Consumer confidence	135.7	135.9	137.9
1:00PM	5-Yr Note Auction (bl)	40		
Wednesday, Nov 28				
7:00AM	w/e MBA Purchase Index	247.8		227.7
7:00AM	w/e Mortgage Refinance Index	787.7		783.7
8:30AM	Q3 GDP Prelim (%)	3.5	3.5	3.5
10:00AM	Oct New home sales-units mm (ml)	0.544	0.575	0.553
10:00AM	Oct New home sales chg mm (%)	-8.9	3.7	-5.5
1:00PM	7-Yr Note Auction (bl)	32		
Thursday, Nov 29				
8:30AM	Oct Core PCE (y/y) (%)	+1.8	1.9	2.0
8:30AM	w/e Jobless Claims (k)	234	220	224
10:00AM	Oct Pending Sales Index	102.1		104.6
10:00AM	Oct Pending Home Sales (%)	-2.6	0.5	0.5
Friday, Nov 30				
9:45AM	Nov Chicago PMI	66.4	58.0	58.4

Responsive service, experienced expertise

I've dedicated my 22 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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