

THE FEDERAL SAVINGS BANK



Co. NMLS# 411500



Ted Rood

Mortgage Banker, Homesite Mortgage LLC

NMLS #543290

2299 Technology Drive, Suite 2A5 O Fallon, Missouri

Office: 3147400004

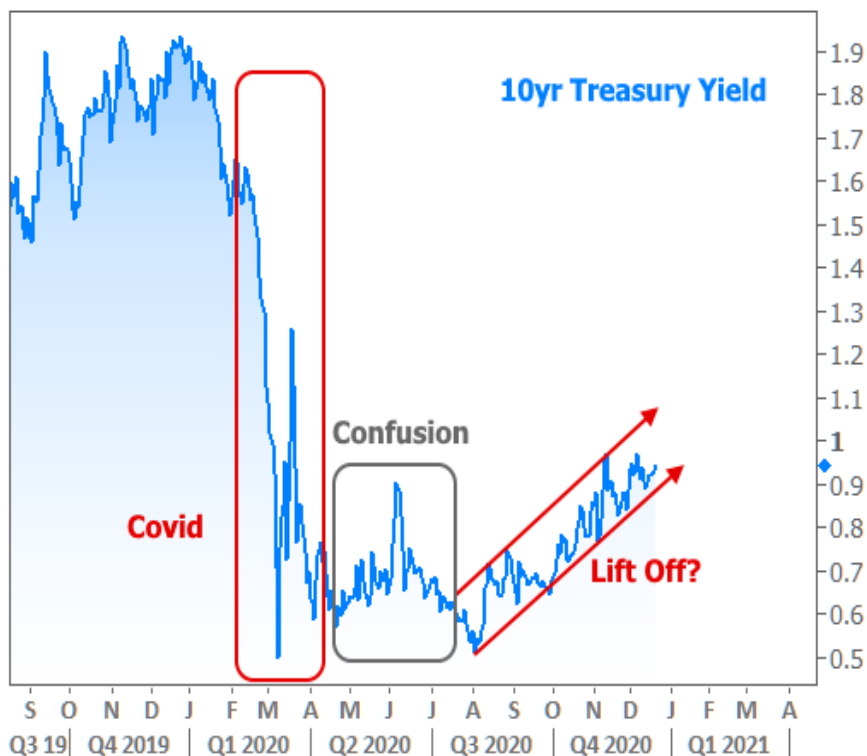
Mobile: 314-740-0004

ted_rood@yahoo.com

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
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	99.35	-0.16
MBS GNMA 5.0	99.91	-0.04
10 YR Treasury	3.9039	+0.0424
30 YR Treasury	4.1932	+0.0468

Pricing as of: 8/30 5:59PM 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%



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
Tuesday, Dec 15				
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
Wednesday, Dec 16				
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			
Thursday, Dec 17				
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
Friday, Dec 18				
10:00AM	Nov Leading index chg mm (%)	+0.6	0.5	0.7
Tuesday, Dec 22				
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
Wednesday, Dec 23				
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
Thursday, Dec 24				

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			
Friday, Dec 25				
12:00AM	Christmas Day			

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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