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Rates Are At 2017 Lows, But So Are Home Sales

This week brought the release of New and Existing Home sales. Both reports fell short of expectations. Fortunately, central bankers also delivered **less than expected**, thus helping rates stay at 2017's lows.

Markets ended the previous week on the jog, with big moves on Thursday and Friday thanks to confirmed rumors of Steve Bannon's departure. Without a fresh supply of drama, trading was much less volatile this week.

Most investors focused on the **Jackson Hole** Symposium that began in earnest on Friday morning. Both Janet Yellen and European Central Bank (ECB) President Mario Draghi were on the agenda and both central banks are widely expected to adjust their bond-buying programs soon. Such adjustments tend to have a big impact on rates although they're gradually priced-in as central bankers drop hints.

Jackson Hole has historically served as a venue for such hints. As such, it's no wonder investors had a **hard time** getting over their anticipation, even as recent news suggested both speakers would stick to the script.

Trading ranges remained narrow as investors waited for Friday's speeches, but true to more recent reports, **neither** central banker shared any policy clues. With no further inspiration on tap, stocks and bonds held inside the week's increasingly narrow ranges.

That leaves stocks in a somewhat precarious position, but it's **far from unpleasant** for bonds. 10yr yields (the best proxy for momentum in long-term rates like mortgages) remained in line with recent lows. Mortgage rates themselves continued to outperform, pushing into their lowest levels since late 2016.

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	99.37	+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%

US Housing Market Weekly

10yr Treasury Yield vs Mortgage Rates



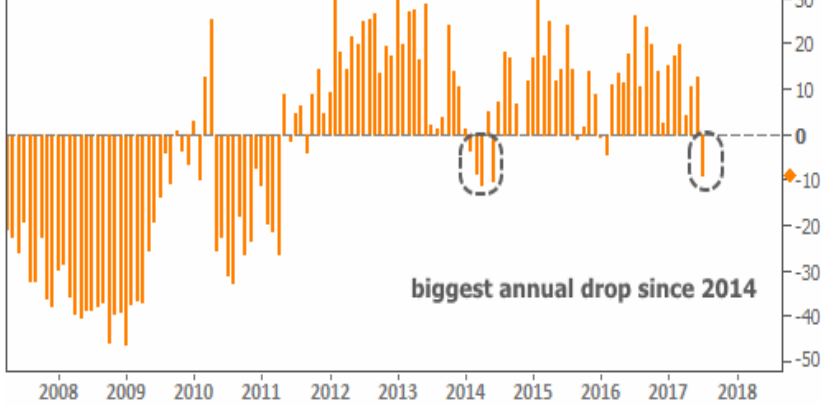
Unfortunately, both **New** and **Existing** Home Sales also fell to the **lowest levels of the year** in reports issued by the Census Bureau and the National Association of Realtors respectively. This data wasn't of great interest to financial markets but it could get more interesting for the housing market. If year-over-year sales continue to operate near or below 0% in the coming months, it could signal the contraction that some economists were worried about last year. For now though, the drop in sales is isolated.

US Housing Market Weekly

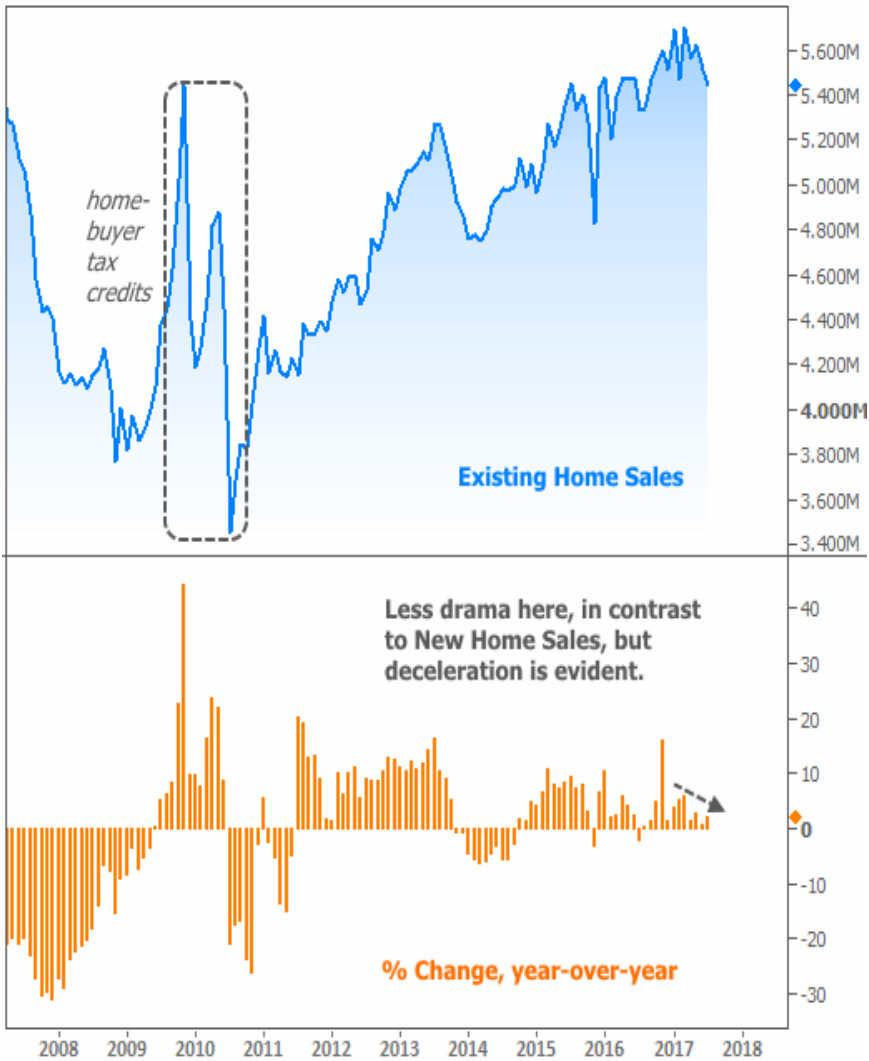
New Home Sales



% Change (year-over-year)



Existing Home Sales



On **brighter notes** for housing, both Black Knight and the Mortgage Bankers Association (MBA) noted significant milestones in **foreclosure** and **delinquency** metrics. In separate data the MBA noted ongoing **resilience** in mortgage applications, thanks in large part to lower rates helping drive refi demand.

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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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