Housing News Update



Dan Clifton

Principal Broker and Mortgage Guru, Clifton Mortgage Services, LLC NMLS # 284174 670 N Orlando Ave Suite 101 Maitland, FL 32751 Office: 888-681-0777 x1001 Mobile: 407-252-3039 Fax: 866-512-0169 dan@cliftonmortgageservices.com View My Website

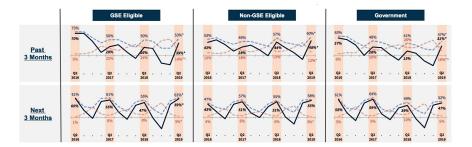
Lenders Sentiment Shines, Rising Profits and a Positive Outlook

Lenders are singing a **happier tune when it comes to their profit margin** outlook with those hopes driven by rising confidence in mortgage demand. The net share of lenders' perceptions about both recent and upcoming demand has turned positive for the first time in nearly three years.

Fannie Mae's Q2 Mortgage Lender Sentiment Survey saw net **positive responses rise across all three loan types** (government, GSE-eligible, and non-GSE-eligible loans) when lenders reported on increases in demand for both purchase and refinance mortgages over the previous three months.

In all three cases, these measures had reached survey lows in the first quarter of the year. Net positive responses in the second quarter rebounded to reach the highest readings for any second quarter since 2016 for GSE-eligible and government loans and the highest since Q2 2015 for non-GSE-eligible loans.

Demand growth expectations for **purchase mortgages** over the next three months also improved. The net share of lenders reporting growth expectations for GSE-eligible loans reached the highest level for any second quarter over the past three years and was the highest in the survey's history for non-GSE-eligible loans.



Reports of prior quarter demand for **refinancing turned positive for all loan types**, ending nine quarters of negative net readings. Similarly, the net share expecting refinance demand to increase during the upcoming quarter continued to climb and is now positive for the first time since Q3 2016 for GSE-eligible loans and since Q1 2016 for non-GSE-eligible and government loans.

National Average Mortgage Rates



Mortgage News Daily

Mol Lgage News	Dally		
30 Yr. Fixed	7.37%	-0.04	0.00
15 Yr. Fixed	6.82%	-0.02	0.00
30 Yr. FHA	6.82%	-0.06	0.00
30 Yr. Jumbo	7.55%	-0.05	0.00
5/1 ARM	7.42%	-0.08	0.00
Freddie Mac			
30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00
Mortgage Banke	rs Assoc.		
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM Rates as of: 5/2	6.64%	+0.12	0.87
10100 00 01. 0/ 2			

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
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%

© 2024 MBS Live, LLC. - This newsletter is a service of <u>MarketNewsletters.com</u>.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://housingnewsletters.com/cliftonmortgage

Builder Confidence Mar



These demand expectations in turn have turned profit margin outlooks positive on net also for the first time in nearly three years. Doug Duncan, Fannie Mae senior vice president and chief economist said, "Lenders are signaling strong demanddriven mortgage market dynamics, with optimism for both their consumer demand and profitability outlooks reaching multi-year highs.

"Lender sentiment regarding both recent and expected purchase mortgage demand growth across all loan types was the most upbeat in at least three years. And for the first time in more than two years, lenders who are reporting or expecting growing refinance demand became the majority.

"With brighter volume expectations, the profit margin outlook improved markedly, helping the net share of lenders **reporting rising profits turn positive for the first time in nearly three years**, with consumer demand cited as the top reason for the rosier outlook, Duncan said. "A lift in lender sentiment from depressed levels is an encouraging sign; however, many challenges remain, including the continued shortage of entry-level housing. In addition, it appears that the meaningful easing of lending standards is a thing of the past."

	Profit Margin Outlook													Key Reasons for Expected Increase – Q2 2019		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Consumer demand	64%	
	*16 n=164	*16 n=190	<u>16</u> n=134	<u>17</u>	<u>17</u>	*17 n=174	117	'18 n=184	'18	18 n=178	18 n=202	19 n=176	19 n=200	Operational efficiency (i.e. technology)	32%	
	11-104	11-130	11-234	<i>n-</i> 100	11-170	11-174	11-130	11-204	11-139	11-178	11-202	11-170	11-200	Staffing (personnel costs) reduction	25%	
	_	_												Less competition from other lenders	22%	
	30%	28%		_		17%	_		_			20%	4195*^	Market trend changes (i.e. shift from refinance to purchase)	17%	
			15%	16%	23%		16%	17%	18%	21%	11%	2016		Showing data for selected answer choices only. n=81		
ncrease	53%	55%	39%	46%	48%	54%	45%	35%	47%		45%	51%	47%	Key Reasons for Expected Decrease - Q2 20)19	
bout the			3973					35%		38%				Competition from other lenders	59%	
same	18%	17%		38%	29%	29%	38%		35%	4156	45%	28%	1255*^	Staffing (personnel costs)	28%	
ecrease								48%			4375			GSE pricing and policies	20%	
								_			_			Government regulatory compliance	18%	
increase %													29%**	Marketing expenses	14%	
lenders saying	12%	11%												Showing data for selected answer choices only. n=24		
se minus % of rs saying					-6%	-12%						-896				
ase)			-31%	-22%		-4270	-22%	-31%	-17%	-20%	-34%	314				

Lenders did concur that the **pace of credit easing is trending down**. Net perceptions about easing over the previous three months declined to the lowest levels since 2014 for GSE-eligible and government loans. Most lenders expect the trend to continue; the net of those expecting more easing was at the lowest level since 2014 as well.

The Mortgage Lender Sentiment Survey by Fannie Mae polls senior executives of its lending institution customers on a quarterly basis to assess their views and outlook across varied dimensions of the mortgage market. The Fannie Mae second quarter 2019 Mortgage Lender Sentiment Survey was conducted between May 1, 2019 and May 12, 2019.

© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.