



Kevin Litwicki - NMLS # 289959

Sr. Mortgage Advisor, Stampfli Mortgage LLC

NMLS # 1598803

303 S. Main Street Verona, WI 53593

Office: 608-572-7522

Fax: 888-988-0013

kevin@stampfli mortgage.com

[View My Website](#)

Political Headlines Send Rates to 2017 Lows

Last week, mortgage rates were just beginning to break the upward trend that's been in place since mid-April. Without much on the event calendar, it was unclear what this week would do to confirm the breakout. Unexpected political headlines **quickly** became the focal point, sending shockwaves through the entire financial market and confirming the rate breakout.

10yr Treasury Yield



The headlines in question generally concern potentially inappropriate communications between Trump and former FBI Director Comey, the presence of records to that effect, and the ability of congress to request those records. This led to widespread speculation about impeachment, but the "I" word isn't necessarily **the big news** for investors.

Following the election, stocks and interest rates moved higher on the **promise of fiscal reforms** (especially tax reform). An administration that is embroiled in controversy is seen as less likely to quickly deliver on those promises.

Therefore, it's logical to see stocks and interest rates react by moving lower in concert. This correlation is also common when markets are reacting to unexpected developments in the news (aka "headline risk").

National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|------|--------|--------|
| Mortgage News Daily | | | |

| | | | |
|--------------|-------|--------------|------|
| 30 Yr. Fixed | 7.39% | +0.01 | 0.00 |
| 15 Yr. Fixed | 6.83% | +0.01 | 0.00 |
| 30 Yr. FHA | 6.87% | +0.01 | 0.00 |
| 30 Yr. Jumbo | 7.58% | 0.00 | 0.00 |
| 5/1 ARM | 7.40% | 0.00 | 0.00 |

Freddie Mac

| | | | |
|--------------|-------|--------------|------|
| 30 Yr. Fixed | 7.10% | -0.34 | 0.00 |
| 15 Yr. Fixed | 6.39% | -0.37 | 0.00 |

Rates as of: 4/24

Market Data

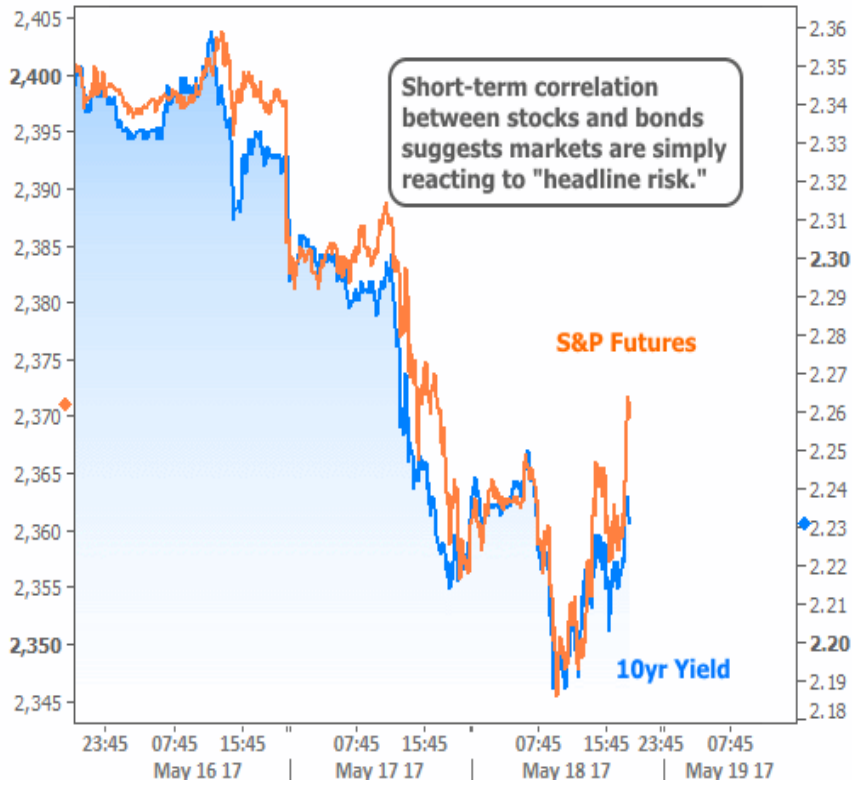
| | Price / Yield | Change |
|----------------|---------------|----------------|
| MBS UMBS 6.0 | 99.44 | -0.18 |
| MBS GNMA 6.0 | 100.25 | -0.15 |
| 10 YR Treasury | 4.6460 | +0.0038 |
| 30 YR Treasury | 4.7775 | +0.0063 |

Pricing as of: 4/24 8:35PM EST

Recent Housing Data

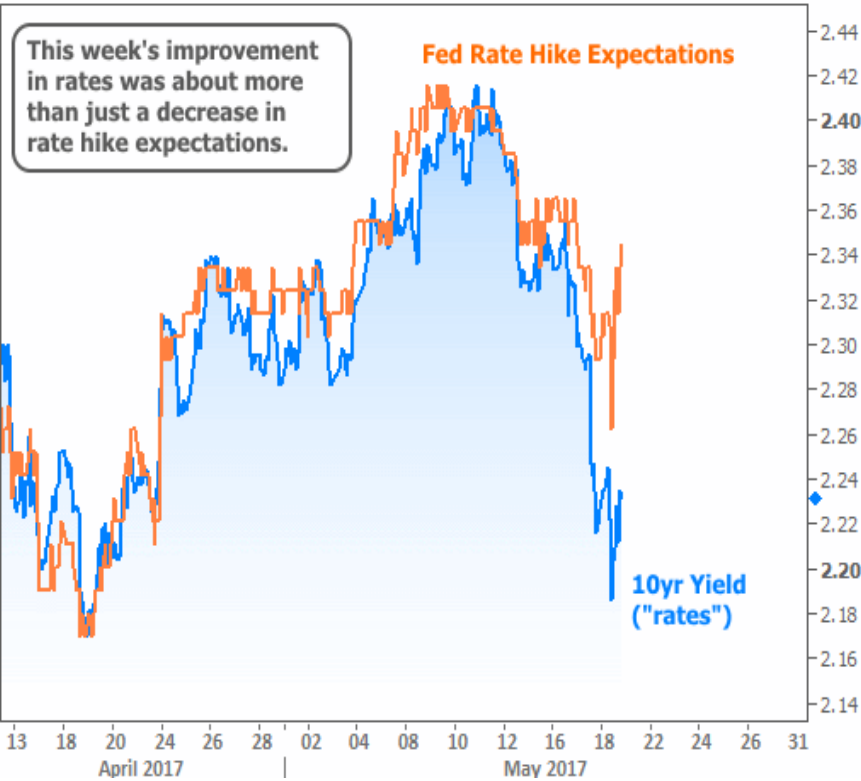
| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Apr 24 | 196.7 | -2.67% |
| Building Permits | Mar | 1.46M | -3.95% |
| Housing Starts | Mar | 1.32M | -13.15% |
| New Home Sales | Mar | 693K | +4.68% |
| Pending Home Sales | Feb | 75.6 | +1.75% |
| Existing Home Sales | Feb | 3.97M | -0.75% |
| Builder Confidence | Mar | 51 | +6.25% |

Stocks vs Bonds



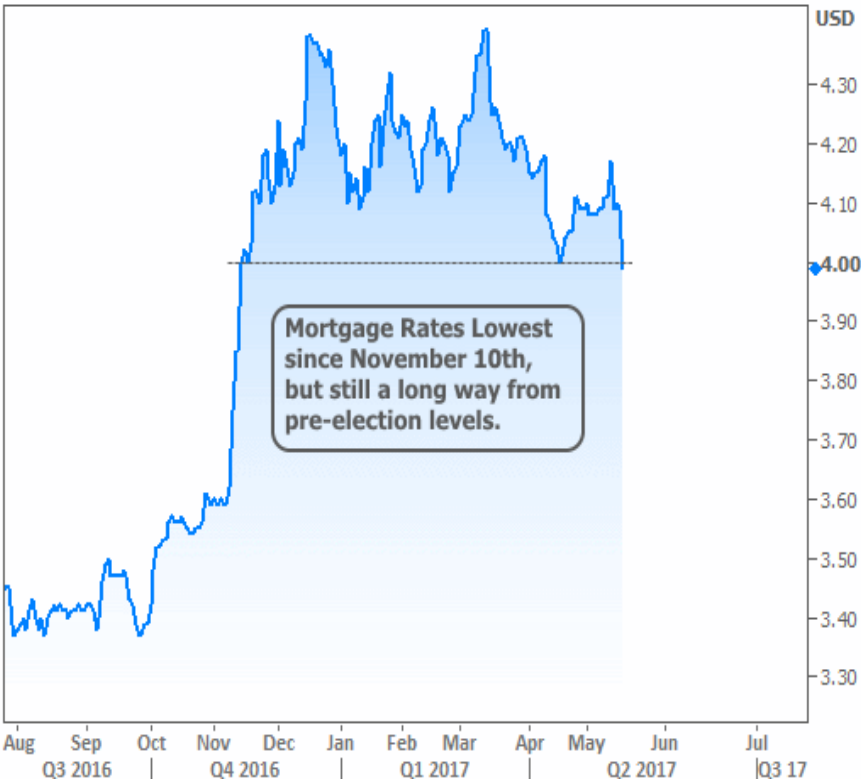
It's worth pointing out that rates **had been** more tied to Fed rate hike expectations in recent weeks. As such, the correlation with stocks represents a bit of a departure from the recent norm. It suggests that bonds (aka "rates") are benefiting as a safe-haven for panicked investors. To whatever extent **new headlines** come out that cause panic to subside, rates are susceptible to a bounce back in line with Fed rate hike expectations.

Fed Hike Expectations vs Rates



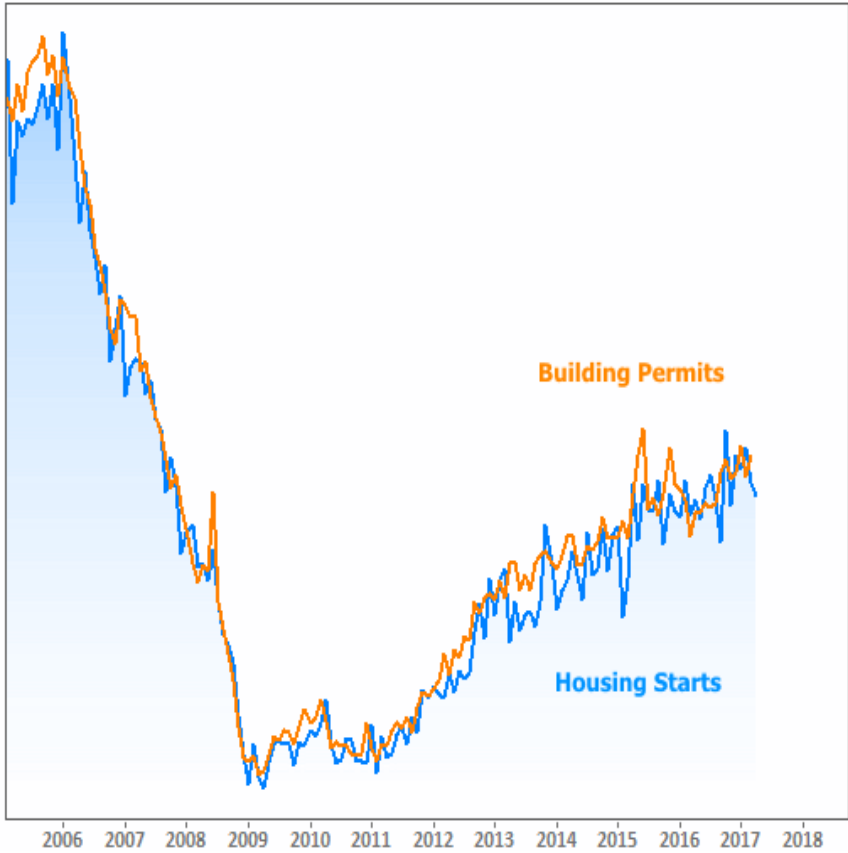
If rates are going to capitalize on this week's momentum, they need to do it **quickly**. The longer they wait, the more these levels (also seen in mid-April) will begin to look like a post-election floor.

Mortgage Rates



In **housing-specific news** this week, economic data was mixed. New Residential Construction was slightly lower than expected, according to the [Census Bureau](#), but the general trends in Housing Starts and Building Permits remain favorable. In a separate report, the National Association of Home Builders' [Housing Market Index](#) **outpaced expectations** to remain near post-recession highs.

Housing Starts and Building Permits Relative to Peak



Housing Market Index



Subscribe to my newsletter online at: <http://housingnewsletters.com/kevinlitwicki>

Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|-------------------|-----------------------------------|--------|----------|--------|
| Monday, May 15 | | | | |
| 8:30AM | May NY Fed manufacturing | -1.0 | 7.00 | 5.20 |
| Tuesday, May 16 | | | | |
| 8:30AM | Apr Housing starts number mm (ml) | 1.172 | 1.260 | 1.215 |
| 8:30AM | Apr Building permits: number (ml) | 1.229 | 1.270 | 1.267 |
| 8:30AM | Apr House starts mm: change (%) | -2.6 | | -6.8 |
| 8:30AM | Apr Build permits: change mm (%) | -2.5 | | 4.2 |
| 9:15AM | Apr Industrial Production (%) | +1.0 | 0.4 | 0.5 |
| 9:15AM | Apr Capacity Utilization (%) | 76.7 | 76.3 | 76.1 |
| Wednesday, May 17 | | | | |
| 7:00AM | w/e Mortgage Market Index | 398.8 | | 415.7 |
| 7:00AM | w/e MBA Purchase Index | 243.6 | | 250.3 |
| 7:00AM | w/e Mortgage Refinance Index | 1269.1 | | 1345.5 |
| Thursday, May 18 | | | | |
| 8:30AM | May Philly Fed Business Index | 38.8 | 19.5 | 22.0 |
| 8:30AM | w/e Initial Jobless Claims (k) | 232 | 239 | 236 |
| 8:30AM | w/e Continued jobless claims (ml) | 1.898 | 1.928 | 1.918 |

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

| Date | Event | Actual | Forecast | Prior |
|-------------------|----------------------------------|--------|----------|-------|
| Tuesday, May 23 | | | | |
| 10:00AM | Apr New home sales-units mm (ml) | 0.569 | 0.610 | 0.621 |
| 1:00PM | 2-Yr Note Auction (bl) | 26 | | |
| Wednesday, May 24 | | | | |
| 9:00AM | Mar Monthly Home Price mm (%) | 0.6 | | 0.8 |
| 10:00AM | Apr Existing home sales (ml) | 5.57 | 5.65 | 5.71 |
| 1:00PM | 5-Yr Note Auction (bl) | 34 | | |
| Friday, May 26 | | | | |
| 8:30AM | Apr Durable goods (%) | -0.7 | -1.2 | 1.7 |
| 8:30AM | Q1 GDP Prelim (%) | +1.2 | 0.9 | 0.7 |
| 10:00AM | May U Mich Sentiment Final (ip) | 97.1 | 97.5 | 97.7 |
| 2:00PM | Memorial Day | | | |
| Tuesday, May 28 | | | | |
| 1:00PM | 7-Yr Note Auction (bl) | 41 | | |

All Your Mortgage Needs, Professionally Delivered with a Personal Touch

Whether you're a first-time homebuyer hoping to navigate the process of buying a home so that it is a fun and anxiety-free process or a homeowner looking for refinance options that deliver more freedom and flexibility, I can help you analyze your current situation and find money saving options. With expertise in all areas of mortgage and financing, my hope is that once I become your mortgage partner, I'll stay your mortgage partner. With clients from A to Z, files never leave my hands or my desk. From start to finish, every step of the way, my goal is to keep the lines of communication open, provide complete and attentive service, and ensure the most seamless and satisfactory process possible.

Kevin Litwicki - NMLS # 289959

