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Low Rates and Strong Jobs Numbers Bolster Builder Confidence

The Housing Market Index (HMI) continues to recover from the plunge it took in November and December when it dropped an aggregate of 12 points. The National Association of Home Builders (NAHB)/Wells Fargo measure of builder confidence in the market for newly-built single-family homes added another 4 points in February to the 2 it gained in January. It now stands at 62 on a 100-point scale.

"Ongoing reduction in mortgage rates in recent weeks coupled with continued strength in the job market are helping to fuel builder sentiment," said NAHB Chairman Randy Noel. "In the aftermath of the fall slowdown, many builders are reporting positive expectations for the spring selling season."

Derived from a monthly survey that NAHB has been conducting for 30 years, the HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The index measuring current sales conditions rose three points to 67, the component gauging expectations in the next six months increased five points to 68 and the metric charting buyer traffic moved up four points to 48.

"Builder confidence levels moved up in tandem with growing consumer confidence and falling interest rates," said NAHB Chief Economist Robert Dietz. "The five-point jump on the six-month sales expectation for the HMI is due to mortgage interest rates dropping from about 5% in November to 4.4% this week. However, affordability remains a critical issue. Rising costs stemming from excessive regulations, a dearth of buildable lots, a persistent labor shortage and tariffs on lumber and other key building materials continue to make it increasingly difficult to produce housing at affordable price points."

Regional indices are reported as three-month moving averages. The South's HMI gained 1 point to 63 while the Northeast dropped 2 points to 43. The Midwest and West each remained unchanged at 52 and 67, respectively.

National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00

Freddie Mac

30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/22

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

NAHB historically reports out the HMI the day before the Census Bureau and Department of Housing and Urban Development (HUD) publish the prior month's residential construction data covering permits, housing starts, and completions. The partial government shutdown has disrupted that schedule. The Census Bureau said the December report will be issued on February 26. The schedule for releasing January data is yet to be determined.

	Value	Change
Builder Confidence	51	+6.25%

Mortgage Market Newsletter

This is one of the most insightful resources when following the mortgage market news. If you have any questions, please feel free to contact me directly,

if you feel you have received this email in error, please let me know, and I will PERSONALLY ensure you are removed from any future communication.

This email is for educational purposes only and to establish relationships with like-minded individuals like yourself!

I hope to chat with you soon,

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