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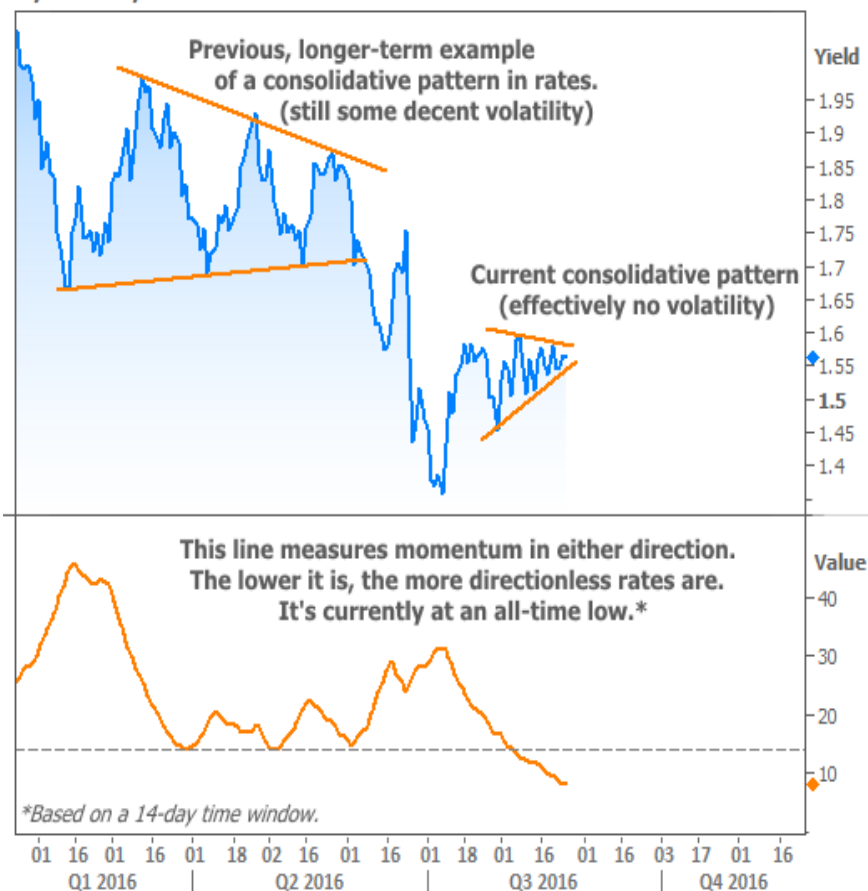
## Action-Packed Week For Housing and Mortgage Markets

Last week's newsletter posed the question: what will it take to break the holding pattern in housing and markets? Now, this week's data has provided a **wide array** of answers.

Interest rates, however, continue abstaining from any such answer. In fact, by some measures, rates have **never been less volatile** than they are right now.

The following chart shows the current pattern of consolidation in 10yr Treasury yields (a good proxy for all longer-term US interest rates, like mortgages), as well as the longer-term consolidation earlier this year.

10yr Treasury Yield



## National Average Mortgage Rates



	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00

### Freddie Mac

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

Rates as of: 7/23

## Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.39	0.00
MBS GNMA 5.5	99.75	-0.03
10 YR Treasury	4.2515	-0.0010
30 YR Treasury	4.4851	+0.0126

Pricing as of: 7/23 5:59PM EST

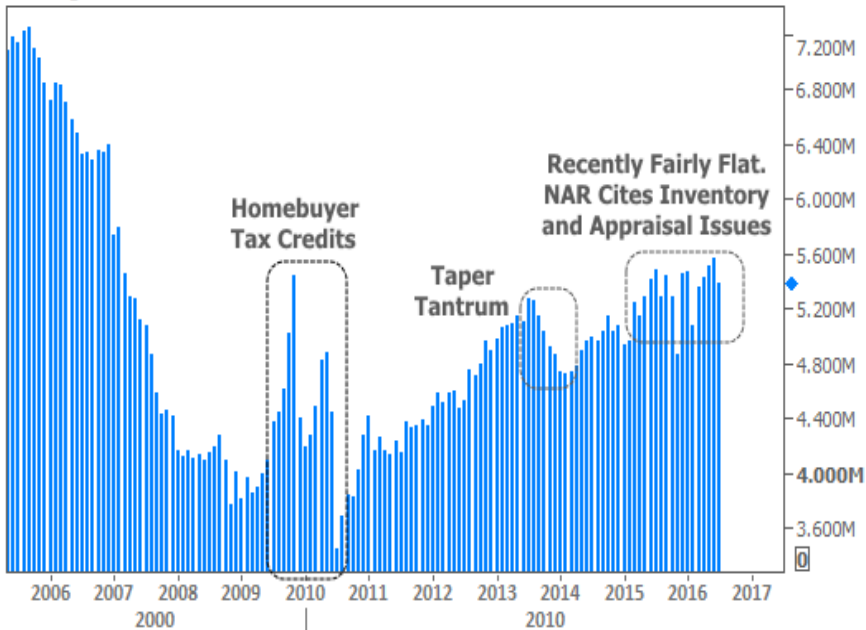
## Recent Housing Data

		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%
Builder Confidence	Mar	51	+6.25%

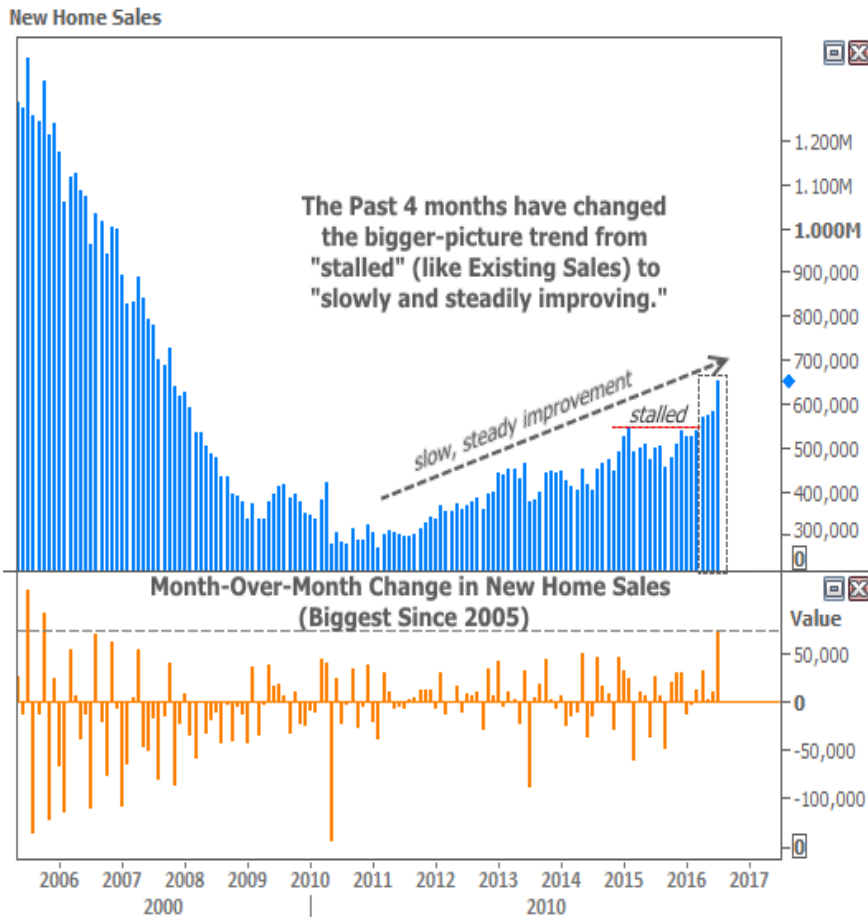
These instances of consolidation are typically followed by a period of higher momentum. You can see how the early-2016 example resulted in higher momentum toward **lower** rates. But it's important to understand that the momentum can happen in **either** direction. Given that we're running out of room in the current consolidative pattern, the next move could be happening very soon.

Rates aren't the only thing that's been consolidating in a narrow range. Data out this week shows that **Existing Home Sales** continue to operate in the same general range that's dominated the past 2 years. But unlike rates, the details here are **quite interesting**. Specifically, the National Association of Realtors cites **increasingly severe appraisal issues**, saying they're responsible for more than a quarter of contract delays in the past 3 months.

Existing Home Sales



Appraisals are less of an issue when it comes to New Home Sales, and it shows in [this week's report from the Census Bureau](#). Granted, New Homes fell harder during the Great Recession and consequently have more room to grow, but the trend is positive nonetheless. In fact, July's sales increased at the **fastest pace in more than 10 years!**



There are a few caveats, depending on your point of view. Critics often point out that this data series has a notoriously wide margin of error. But even so, it would take a massive revision to alter the positive trend seen in the chart. In separate news, the National Association of Home Builders (NAHB) [pointed out](#) a noticeable increase in the amount of homes being **built specifically as rentals**. Some would argue that's not a good thing for the long-term growth outlook for the housing market.

Adding yet another layer of complexity to the housing outlook, the FHFA (which oversees Fannie and Freddie) said this week that it sees a **"potentially significant shift"** in [home price trends](#). While FHFA's home price index still shows year-over-year growth of 5.6 percent, it notes that month-over-month appreciation has been much smaller recently.

On a mortgage-specific note, the FHFA balanced things out with some **upbeat** news. The longstanding [HARP program will be extended](#) through September 2017, at which point it will evolve into a new high-LTV program. The most important feature of the new program will be an **absence** of cut-off dates, which previously prevented many potential borrowers from taking advantage of HARP.

The week ahead brings a slew of important data, including the big jobs report on Friday. At the same time, investors will be digesting and reacting to the much-anticipated comments from Fed Chair Yellen at the Jackson Hole symposium. We'll discuss all of the above in next week's newsletter.

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### Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Aug 23				

### Event Importance:

No Stars = Insignificant  
 ☆ Low

Date	Event	Actual	Forecast	Prior
10:00AM	Jul New home sales-units mm (ml)	0.654	0.580	0.592
1:00PM	2-Yr Note Auction (bl)	26		
<b>Wednesday, Aug 24</b>				
7:00AM	w/e Mortgage Market Index	530.1		541.5
9:00AM	Jun Monthly Home Price mm (%)	0.2		0.2
10:00AM	Jul Existing home sales (ml)	5.39	5.51	5.57
1:00PM	5-Yr Note Auction (bl)	34		
<b>Thursday, Aug 25</b>				
8:30AM	Jul Durable goods (%)	+4.4	3.3	-3.9
8:30AM	w/e Initial Jobless Claims (k)	261	265	262
1:00PM	7-Yr Note Auction (bl)	28		
<b>Friday, Aug 26</b>				
8:30AM	Q2 GDP Prelim (%)	+1.1	1.1	1.2
10:00AM	Aug U Mich Sentiment Final (ip)	89.8	90.6	90.4
<b>Monday, Aug 29</b>				
8:30AM	Jul Personal income mm (%)	+0.4	0.4	0.2
8:30AM	Jul Consumption, adjusted mm (%)	+0.3	0.3	0.4
8:30AM	Jul Core PCE price index yy (%)	+1.6		1.6
<b>Tuesday, Aug 30</b>				
10:00AM	Aug Consumer confidence	101.1	97.0	97.3
<b>Wednesday, Aug 31</b>				
8:15AM	Aug ADP National Employment (k)	177.0	175	179
9:45AM	Aug Chicago PMI	51.5	54.0	55.8
10:00AM	Jul Pending homes index	111.3		111.0
<b>Thursday, Sep 01</b>				
8:30AM	Q2 Productivity Revised (%)	-0.6	-0.6	-0.5
8:30AM	Q2 Labor Costs Revised (%)	+4.3	2.1	2.0
10:00AM	Aug ISM Manufacturing PMI	49.4	52.0	52.6
10:00AM	Jul Construction spending (%)	0.0	0.5	-0.6
<b>Friday, Sep 02</b>				
8:30AM	Aug Non-farm payrolls (k)	+151	180	255
8:30AM	Aug Unemployment rate mm (%)	4.9	4.8	4.9
9:45AM	Aug ISM-New York index	719.9		721.1
10:00AM	Jul Factory orders mm (%)	+1.9	2.0	-1.5

- ★ Moderate
- ★★ Important
- ★★★ Very Important

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Breton is a Branch Manager & Sr Loan Officer at the top of his field for over 15 years. Transparency & treating people like family is how he has built a solid network of referral & repeat business over the years. Candor and expertise is how he communicates & consistently closes on time getting the best loan possible. With Geneva Financials' wide array of products & its seamless, straightforward process he will be able to find you the best mortgage structured the right way. With a positive attitude, Breton is consummate pro who is honest, upfront & shoots it to you straight. 949-887-7289

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