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A Message from Jeffrey Chalmers:

"Two more years of LOW rates? Love it!"

Freddie Mac Predicts Lower Rates in the Next Two Years

We started this piece by noting that Freddie Mac's economists wrapped up November in an unusually brief summary. Then we realized we had said almost exactly the same thing about the company's Economic and Strategic Research (ESR) Group's report last month. November's, however, was even shorter. Should we conclude that, if no news is good news, **things are getting better and better?** Perhaps not, but the economy does seem relatively stable.

The summary noted that the 10-year Treasury Note featured the highest yields since July, largely because investors were growing optimistic that the U.S. and China might get a trade deal. But the market was also extremely volatile during the month as those hopes waned. The second week of November saw the 10-year Treasury yield plummet by nearly 15 basis points.

Unemployment remained near historic lows at 3.6 percent, inflation is still tame; the consumer price index rose only 1.8 percent in October, and the housing market is still showing strength. Freddie Mac expects it will continue to do so for the next two years with home sales rising to 6.0 million this year, to 6.1 million next year and 6.2 million in 2021. House **price growth will continue to decelerate through the next two years.** There will be annual increases of 3.2 percent, 2.9 percent and 2.1 percent in 2019, 2020 and 2021, respectively.

The **ESR continues to predict low interest rates**, currently expecting an average for the 30-year mortgage at 3.8 percent in the fourth quarter of 2019 and 4.0 percent for the entire year. It raised its prediction for the average 30-year rate in 2020 from 3.7 percent to 3.8 percent but has extended that predicted rate through 2021.

Low rates continue to feed a **surge in refinance mortgage originations**, and this too is expected to carry forward, with \$846 billion this year and \$834 billion in single-family refinance mortgage originations in 2020. As rates are expected to remain steady, there will likely be a fall back in these originations in the second half of 2020 and full year 2021. Modest increases in home sales and house prices will boost purchase mortgage originations for the

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00

Freddie Mac

30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	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: 7/26

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%

foreseeable future. Purchase originations should rise steadily to \$1,255 billion in 2019, \$1,299 billion in 2020, and \$1,369 in 2021.

		Value	Change
Builder Confidence	Mar	51	+6.25%

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Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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