



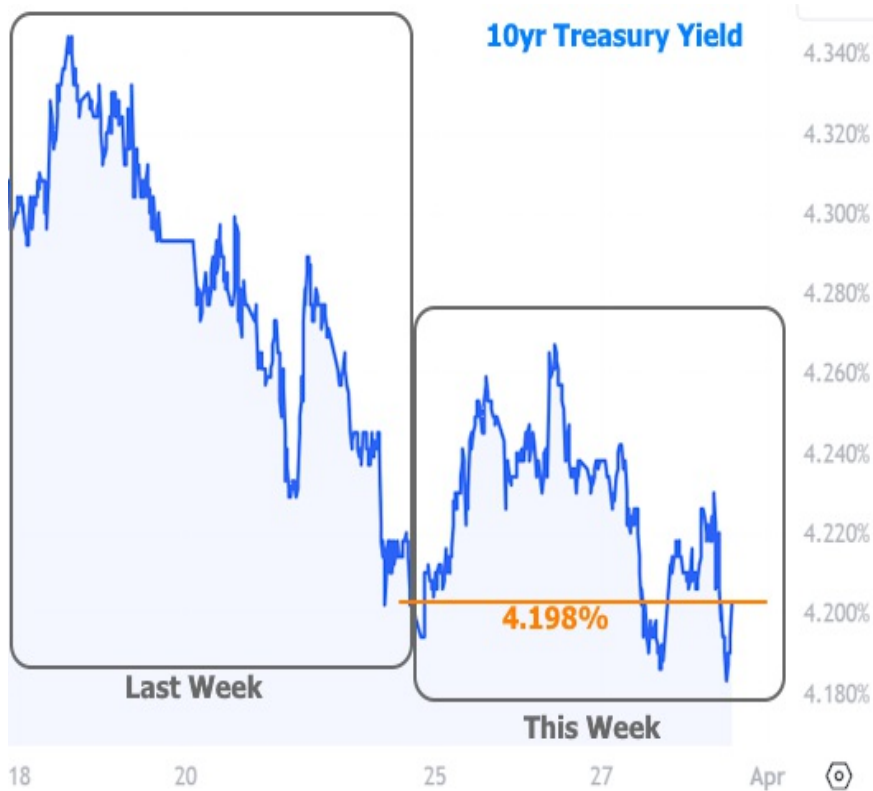
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## Tame Week For Rates and Housing Data, But Change is Coming

With markets only open 3.5 days and without any top tier economic reports to influence rates, this week could have arguably been viewed as a 9 day weekend for traders. In fact, despite some ups and downs, 10yr Treasury yields ended at the same levels as last week.



The 10yr is the leading benchmark for all sorts of longer term interest rates in the U.S. like mortgages. The relatively flat performance in the bond market resulted in an exceptionally flat week for mortgage rates--one of the flattest on record. Weekly surveys, like Freddie Mac's, only showed a change because they were getting caught up with last week's changes.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
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

Rates as of: 7/26

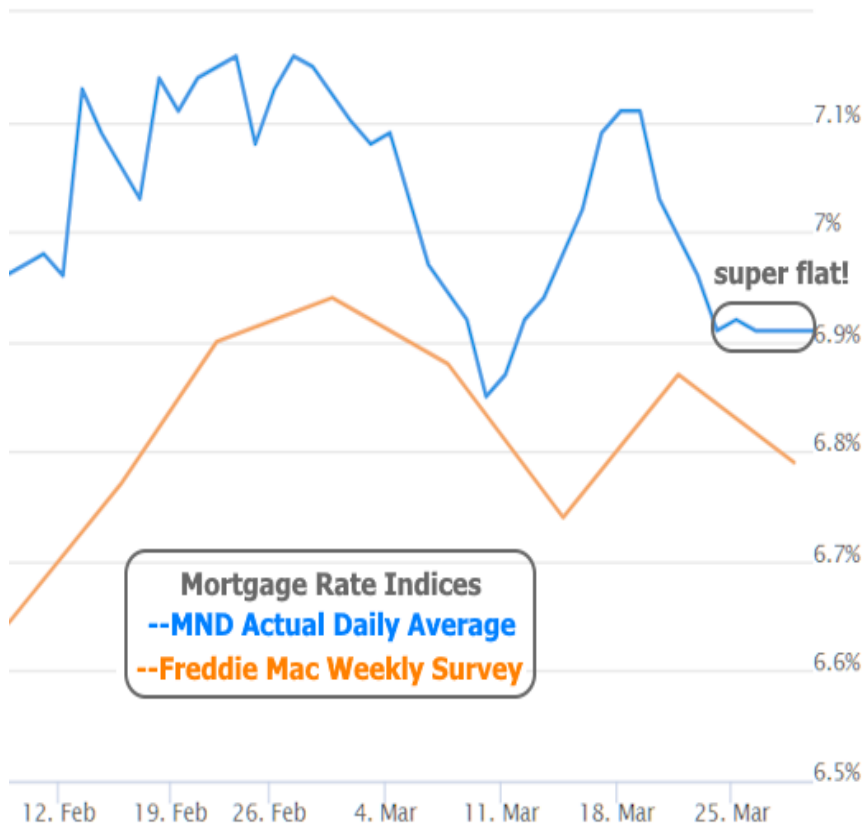
## Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.37	-0.05
MBS GNMA 5.5	99.79	-0.06
10 YR Treasury	4.2470	+0.0038
30 YR Treasury	4.4870	+0.0042

Pricing as of: 7/25 10:42PM EST

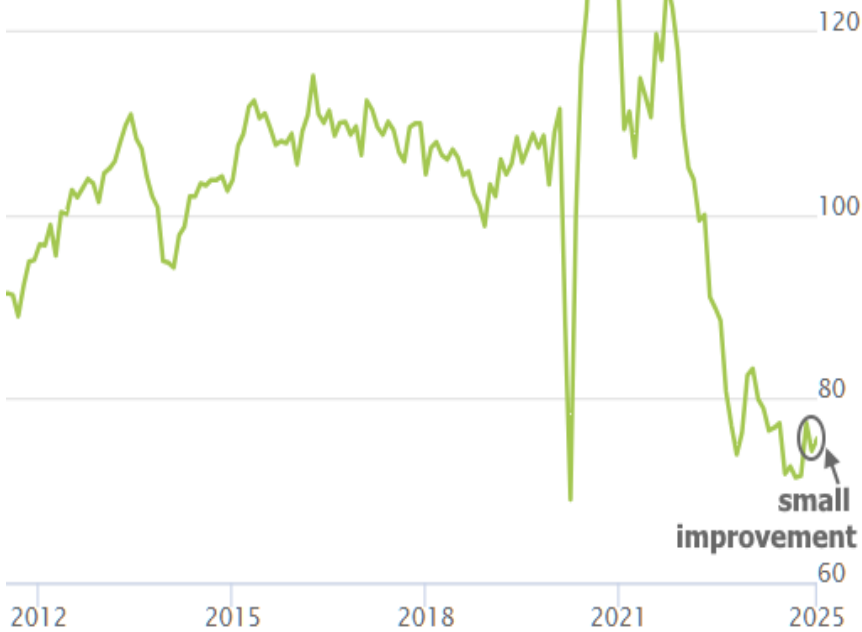
## Recent Housing Data

		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%



Mortgage rates remain well below last year's long-term highs, but elevated in general. The home resale market continues to protest, as seen in February's Pending Home Sales data, released this week. One way to interpret this chart would be that "there's nowhere to go but up." The catch is that there's no guaranteed time frame or pace.

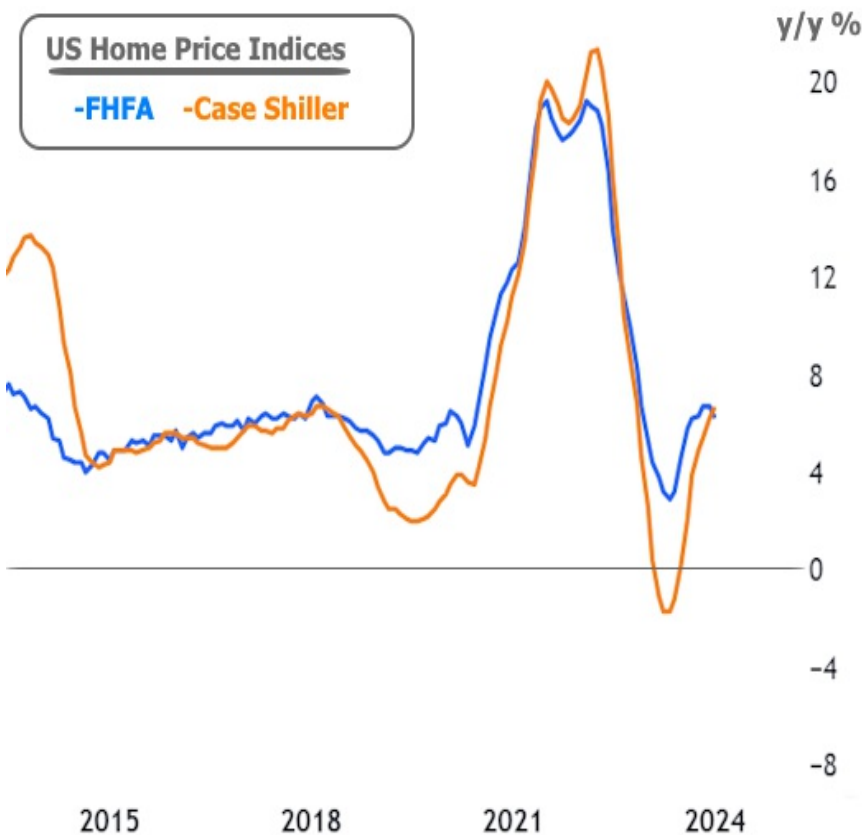
Pending Home Sales



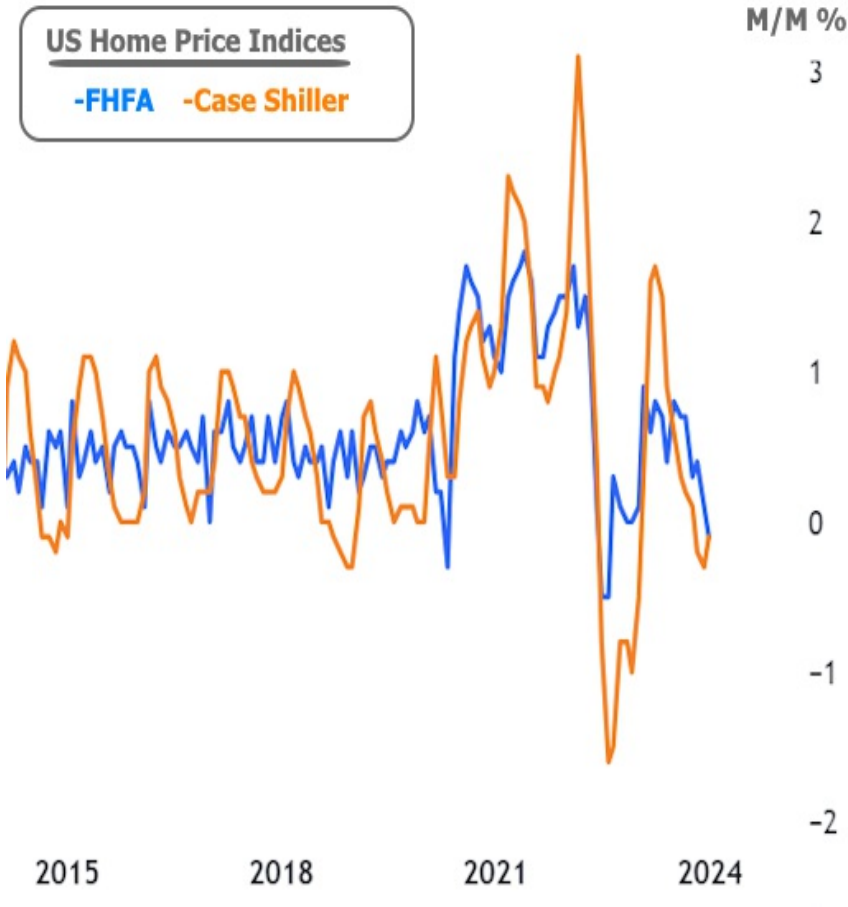
High rates may have taken the wind out of the sales' sails, but home prices have been holding up in a much more stable way. Explanations for this include some combination of low inventory in the resale market (resales drive home price indices) and ongoing demand among buyers.

US Home Price Indices

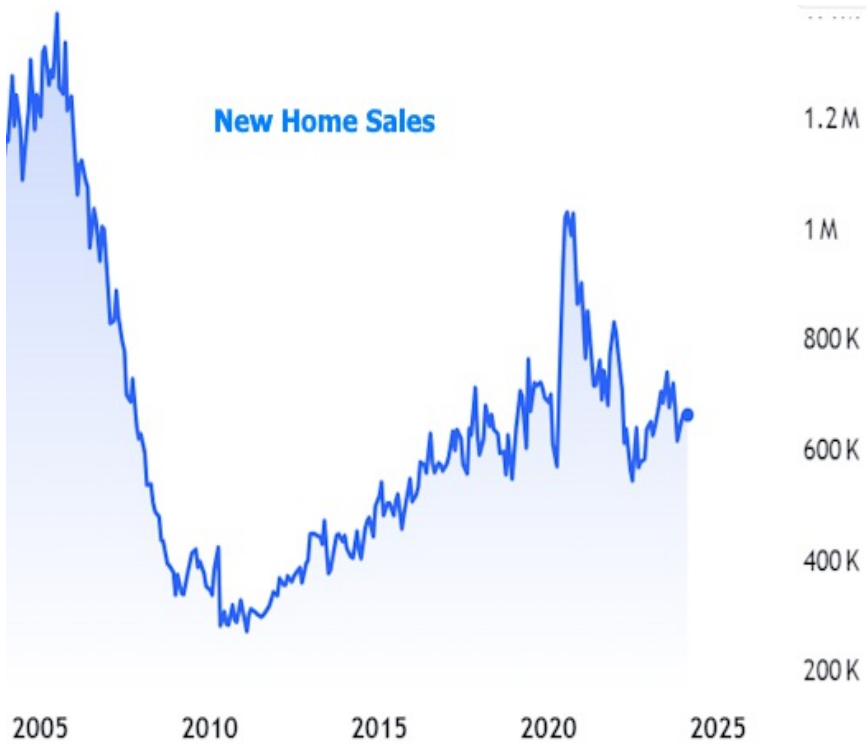
-FHFA -Case Shiller



If anything, annual appreciation in the mid 6% range is arguably unsustainable long-term. In the coming months, annual numbers should indeed move lower as the higher appreciation months from early 2023 fall out of the 12 month calculation. The spike in the Case Shiller Index in the chart below is the highest month over month change on record. It occurred last June and will only be part of the annual number until July.



Whether we give credit to builder incentives or inventory, new homes have cut quite a different path from existing homes (aka "resales"). In February's data, released this week, New Home Sales were slightly lower than expected, but still near 2019 highs.



To whatever extent this week was subdued, next week has the potential to bring more life to party. It remains to be seen if this partygoer ends up being the kind that takes things to the next level or the kind you wish would go home early.

The potential energy is due to the slate of economic reports. These days, there are really only two weeks that matter on any given month: the one with the jobs report and the one with the Consumer Price Index (CPI).

Next Friday brings the latest installment of the jobs report. Other data on jobs week is also capable of causing volatility for the market and that starts on Monday with ISM's manufacturing index. Even if the data sends a cohesive message, the market will hold something back until it sees how CPI turns out on April 10th.

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**Recent Economic Data**

Date	Event	Actual	Forecast	Prior
<b>Monday, Mar 25</b>				
10:00AM	Feb New Home Sales (ml)	0.662M	0.675M	0.661M
<b>Tuesday, Mar 26</b>				
8:30AM	Feb Durable goods (%)	1.4%	1.1%	-6.1%
9:00AM	Jan FHFA Home Prices y/y (%)	6.3%		6.6%
9:00AM	Jan Case Shiller Home Prices-20 y/y (%)	6.6%	6.7%	6.1%
<b>Thursday, Mar 28</b>				
8:30AM	Mar/23 Jobless Claims (k)	210K	215.0K	210K
8:30AM	Q4 GDP (%)	3.4%	3.2%	4.9%
9:45AM	Mar Chicago PMI	41.4	46	44

**Event Importance:**

- No Stars = Insignificant
- ☆ Low
- ★ Moderate
- ★★ Important
- ★★★ Very Important

Date	Event	Actual	Forecast	Prior
10:00AM	Mar Consumer Sentiment (ip)	79.4	76.5	76.9
10:00AM	Mar Sentiment: 1y Inflation (%)	2.9%		3%
10:00AM	Mar Sentiment: 5y Inflation (%)	2.8%		2.9%
10:00AM	Feb Pending Home Sales (%)	1.6%	1.5%	-4.9%
<b>Friday, Mar 29</b>				
8:30AM	Feb Core PCE (m/m) (%)	0.3%	0.3%	0.4%
<b>Monday, Apr 01</b>				
10:00AM	Mar ISM Manufacturing PMI	50.3	48.4	47.8
<b>Tuesday, Apr 02</b>				
10:00AM	Feb USA JOLTS Job Openings	8.756M	8.75M	8.863M
10:00AM	Feb Factory orders mm (%)	1.4%	1%	-3.6%
<b>Wednesday, Apr 03</b>				
8:15AM	Mar ADP jobs (k)	184K	148K	140K
9:45AM	Mar S&P Global Services PMI	51.7		52.3
10:00AM	Mar ISM N-Mfg PMI	51.4	52.7	52.6
<b>Thursday, Apr 04</b>				
8:30AM	Mar/30 Jobless Claims (k)	221K	214K	210K
<b>Friday, Apr 05</b>				
8:30AM	Mar Non Farm Payrolls	303K	200K	275K
8:30AM	Mar Unemployment rate mm (%)	3.8%	3.9%	3.9%

## Spend Life Wisely

We are each blessed with an impressive balance sheet of life moments to spend, and to cherish. To help you make the most of your life's moments, First United Bank is here with advice and tools to use along your journey as you realize your fullest potential. This is how we are changing the world - one customer, one family, one community at a time.

**Michael Addison**

