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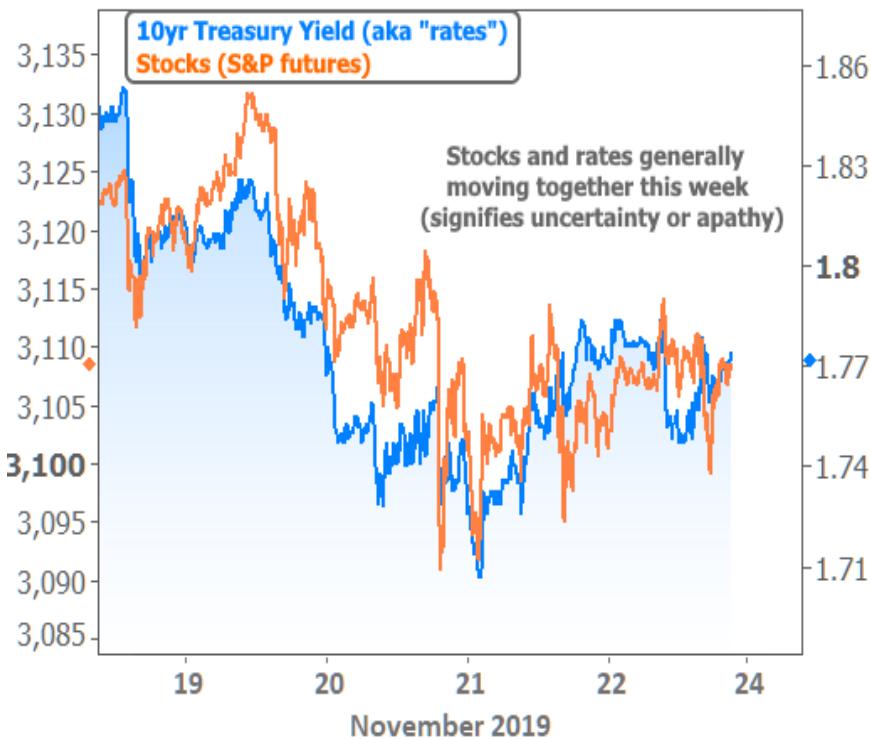
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Good Times Rolling For Housing; How Long Will It Last?

Financial markets remain transfixed by seemingly insignificant updates relating to US/China trade negotiations. For those who follow markets closely, this can be exasperating at times, but it's happening for a good reason.

If we only look at shorter-term market movements (like the chart below with this week's stock prices and bond yields), we might conclude that neither side of the market knows where it wants to go and that they're taking turns following each other and/or waiting for bigger inspiration. But that's actually not an unfair statement.

Stocks vs Bonds



2019 has been a big year for both stocks and bonds. Both have moved to very strong levels (high stock prices and low bond yields) and have covered a lot of ground to get there. The uncertain fate of the trade deal was a major factor helping rates move lower and preventing stocks from breaking to all-time highs earlier this year. But now that a "phase 1" deal is at least being discussed as a possibility, stocks have moved higher while rates have

National Average Mortgage Rates



Mortgage News Daily

30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00

Rates as of: 6/28

Market Data

	Price / Yield	Change
MBS UMBS 5.5	98.49	-0.45
MBS GNMA 5.5	99.10	-0.44
10 YR Treasury	4.3902	-0.0078
30 YR Treasury	4.5568	-0.0072

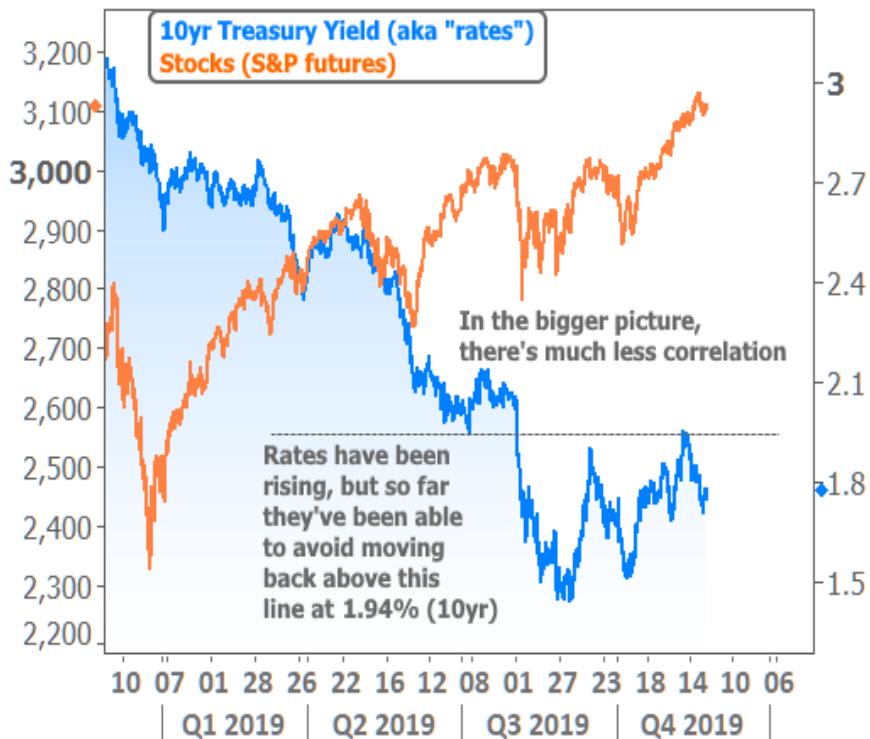
Pricing as of: 7/1 12:51AM EST

Recent Housing Data

	Value	Change
Mortgage Apps	Jun 12	+15.58%
Building Permits	Mar	-3.95%
Housing Starts	Mar	-13.15%
New Home Sales	Mar	+4.68%
Pending Home Sales	Feb	+1.75%
Existing Home Sales	Feb	-0.75%
Builder Confidence	Mar	+6.25%

reconsidered the long-term lows seen in early September. With this in mind, the divergent performance between stocks and bonds in the bigger picture makes more sense.

Stocks vs Bonds



Notably though, rates aren't panicking, and have actually managed a modest but noticeable winning streak over the past 2 weeks. In terms of mortgage rates, this translates to average 30yr fixed rates improving by an eighth of a percentage point to the lowest levels since October 31st.

As far as rate rallies go, that qualifies as just a bit longer than average and just a bit better than average, but it's good to keep in mind that it comes at the expense of a more significant move toward higher rates that lasted nearly the entire month of October.

In the bigger picture, however, rates are staggeringly lower than they were this time last year. Despite having risen from multi-year lows in September, we're still in a very solid ball park.



* "best case scenario" rates

The impressive drop in mortgage rates seen in the chart above has done wonders to help the housing market get back on track. There were multiple housing-related reports out this week and everywhere we look, there are reasons to be excited.

Existing Home Sales didn't quite break their recent highs, but they're back in line with the highest levels since before the housing crisis.

Existing Home Sales



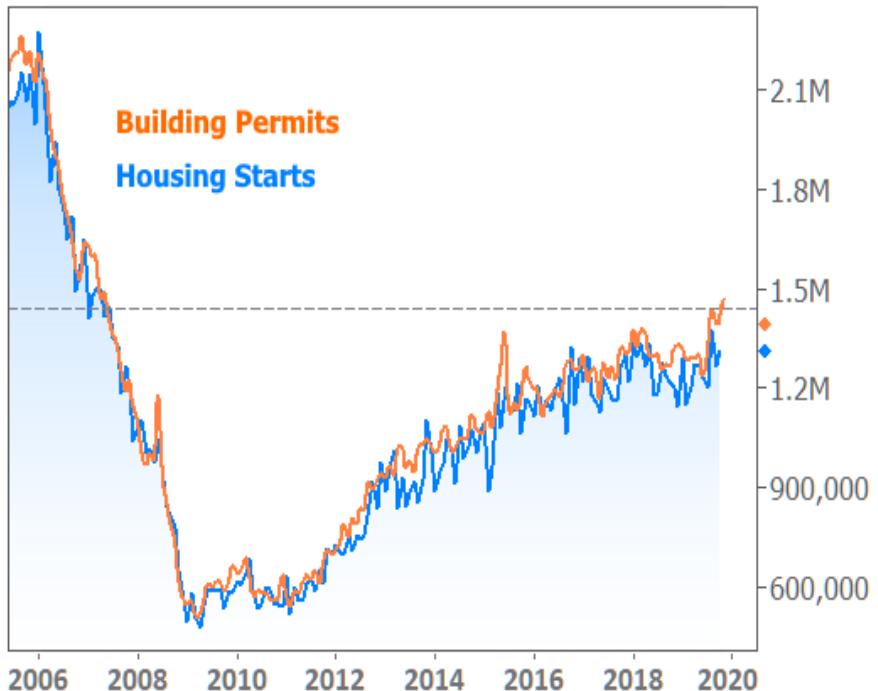
Unsurprisingly, low rates and strong sales have had a positive impact on builder confidence as seen in this week's Housing Market Index from the National Association of Homebuilders.

Builder Confidence

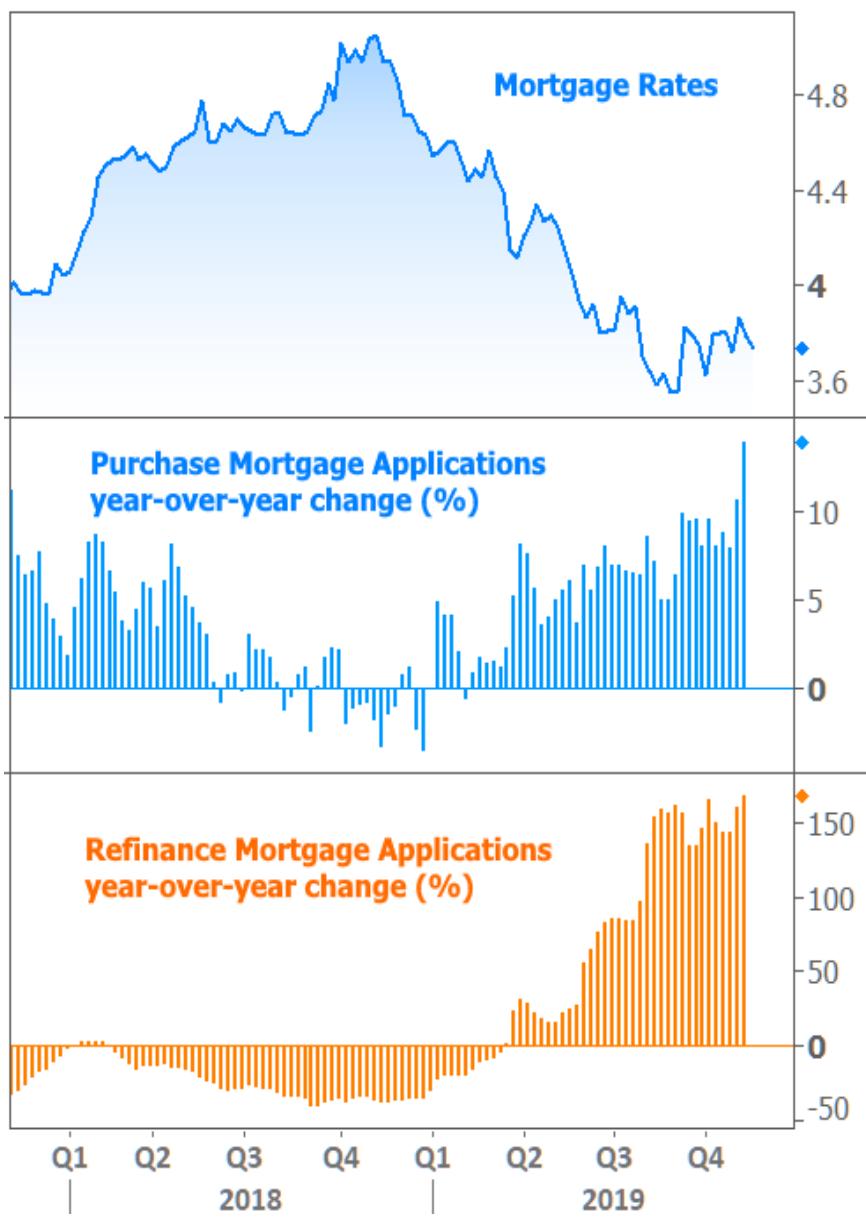


In this week's New Residential Construction report, building permits surged to their highest levels in more than 12 years.

Housing Starts and Building Permits



And on a mortgage-specific note, application activity has remained undeterred by rising rates. Granted, refinance demand has leveled-off, but it remains in territory that's 150% better than the same time last year. Purchase applications are winning in a different way. While they're only up about 14% year over year, that's the highest growth rate since 2016.



The extent to which the good times will keep rolling depends heavily on global economic momentum. And global economic momentum depends heavily on the outcome of the US/China trade negotiation. It's anyone's guess as to how long that will take and how it will ultimately look, but no one is expecting a sweeping conclusion to happen in the next few weeks. That's precisely why we've seen rates level-off and push back, but NOT in a panicky way.

Be warned though, if progress materializes in trade negotiations and especially if economic data can manage to improve even before a trade deal is shored up, rates are ready and willing to move higher at a quicker pace. Bottom line: take advantage of what we have today or at the very least, be ready to act if it looks like the rate landscape is shifting.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Nov 18				

Event Importance:

No Stars = Insignificant

★ Low

Date	Event	Actual	Forecast	Prior	
10:00AM	Nov NAHB housing market idx	70	71	71	
Tuesday, Nov 19					
8:30AM	Oct Build permits: change mm (%)	5.0		-2.4	
8:30AM	Oct House starts mm: change (%)	3.8		-9.4	
8:30AM	Oct Housing starts number mm (ml)	1.314	1.320	1.256	
8:30AM	Oct Building permits: number (ml)	1.461	1.385	1.391	
Wednesday, Nov 20					
7:00AM	w/e MBA Purchase Index	270.4		253.4	
7:00AM	w/e Mortgage Refinance Index	2190.6		2374.6	
Thursday, Nov 21					
8:30AM	Nov Philly Fed Business Index	10.4	7.0	5.6	
8:30AM	w/e Jobless Claims (k)	227	216	225	
10:00AM	Oct Existing home sales (ml)	5.46	5.47	5.38	
10:00AM	Oct Exist. home sales % chg (%)	1.9	1.4	-2.2	
10:00AM	Oct Leading index chg mm (%)	-0.1	-0.1	-0.1	
Friday, Nov 22					
9:45AM	Nov PMI-Manufacturing (Markit)	52.2	51.5	51.3	
9:45AM	Nov PMI-Services (Markit)	51.6	51.0	50.6	
10:00AM	Nov Consumer Sentiment (ip)	96.8	95.7	95.7	
10:00AM	Dec 1yr Inflation Outlook (%)	2.5		2.5	
10:00AM	Dec 5yr Inflation Outlook (%)	2.5		2.5	
Tuesday, Nov 26					
9:00AM	Sep CaseShiller 20 yy (%)	2.1	2.1	2.0	
9:00AM	Sep Monthly Home Price yy (%)	5.1		4.6	
10:00AM	Oct New home sales-units mm (ml)	0.733	0.709	0.701	
10:00AM	Oct New home sales chg mm (%)	-0.7	1.1	-0.7	
10:00AM	Nov Consumer confidence	125.5	127.0	125.9	
1:00PM	5-Yr Note Auction (bl)	41			
Wednesday, Nov 27					
7:00AM	w/e MBA Purchase Index	267.1		270.4	
7:00AM	w/e Mortgage Refinance Index	2282.2		2190.6	
8:30AM	Q3 GDP Prelim (%)	2.1	1.9	1.9	
8:30AM	Oct Durable goods (%)	0.6	-0.8	-1.2	
8:30AM	w/e Jobless Claims (k)	213	221	227	
10:00AM	Oct Core PCE Inflation (y/y) (%)	+1.6	1.7	1.7	
10:00AM	Oct Pending Sales Index	106.7		108.7	
10:00AM	Oct Pending Home Sales (%)	-1.7	0.8	1.5	
11:30AM	7-Yr Note Auction (bl)	32			
Thursday, Nov 28					

 Moderate
 Important
 Very Important

Date	Event	Actual	Forecast	Prior
12:00AM	Thanksgiving Day			
Friday, Nov 29				
9:45AM	Nov Chicago PMI		47.0	43.2

Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

Mike Baker

