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Signs of Deceleration Despite Record High Home Price Index - Case-Shiller

The S&P CoreLogic Case-Shiller National Home Price Index for April set a record high, on a non-seasonally adjusted (NSA) basis for the fifth consecutive month. Some of the Case-Shiller numbers however, show some deceleration from their record pace.

S&P CoreLogic Case-Shiller Indices



Sources: S&P Dow Jones Indices & CoreLogic

The month-over-month National Index gained 0.9 percent from March on a NSA basis compared to an 0.8 percent increase in March. It was up 0.2 percent after adjustment. The annual index was **up 5.5 percent**. The year-over-year increase in March was 5.6 percent, and that was revised down from 5.8 percent.

The 10-City Composite Index **gained 4.9 percent** compared to April 2016, down from 5.2 percent the previous month. The 20-City Composite posted a 5.7 percent year-over-year gain, down from 5.9 percent in March. The 10-City index rose 0.8 percent before adjustment and 0.2 percent after while the 20-City had increases of 0.9 percent and 0.3 percent respectively. Eighteen of 20 cities reported gains in April before seasonal adjustment; after seasonal adjustment, 13 cities saw prices rise.

National Average Mortgage Rates



	Rate	Change	Points
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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

Mortgage Bankers Assoc.

30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
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%

Housing News Update

	Value	Change
Builder Confidence	Mar 51	+6.25%

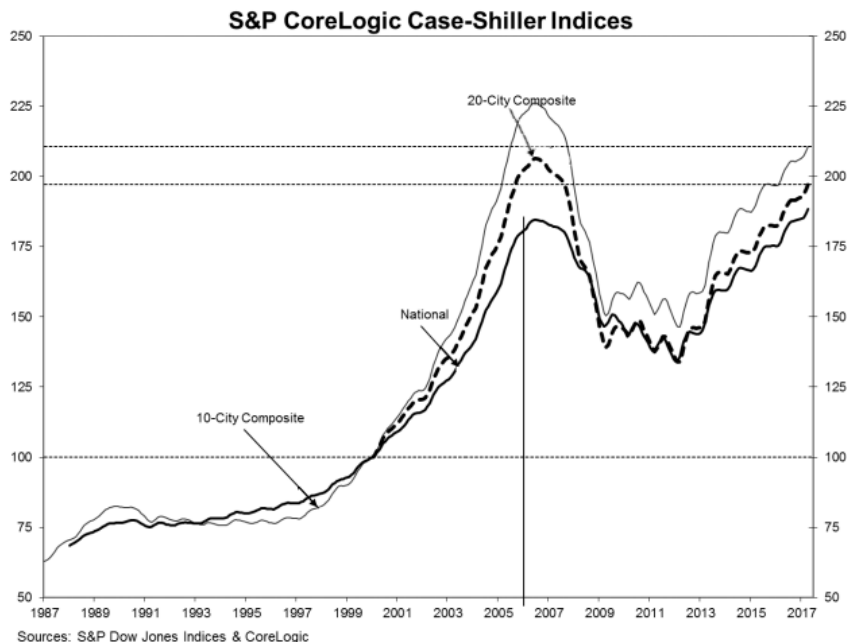
Analysts who follow the 20-City Composite reached a consensus, as reported by Econoday, of 0.6 percent for the month's increase and 5.9 percent for the annual gain.

Seattle, Portland, and Dallas again reported the highest year-over-year gains among the 20 cities. Seattle led the way, up 12.9 percent, while the other two failed to break into double digits; Portland rose 9.3 percent, and Dallas was up 8.4 percent. Seven cities reported greater price increases in the year ending April 2017 versus the year ending March 2017.

"As home prices continue rising faster than inflation, two questions are being asked: why? And, could this be a bubble?" says David M. Blitzer Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "Since demand is exceeding supply and financing is available, there is nothing right now to keep prices from going up. The increase in real, or inflation-adjusted, home prices in the last three years shows that demand is rising. At the same time, the supply of homes for sale has barely kept pace with demand and the inventory of new or existing homes for sale shrunk down to only a four-month supply. Adding to price pressures, mortgage rates remain close to 4 percent and affordability is not a significant issue.

"The question is not if home prices can climb without any limit; they can't. Rather, will home price gains **gently slow or will they crash** and take the economy down with them? For the moment, conditions appear favorable for avoiding a crash. Housing starts are trending higher and rising prices may encourage some homeowners to sell. Moreover, mortgage default rates are low and household debt levels are manageable. Total mortgage debt outstanding is \$14.4 trillion, about \$400 billion below the record set in 2008. Any increase in mortgage interest rates would dampen demand. Household finances should be able to weather a fairly large price drop."

As of April, the two composite indices have returned to **winter 2007 price levels**. After setting successive new price peaks the National Index is now 2.1 percent higher than it was pre-crash and has risen 40.7 percent from its 2012 trough. While the 10- and 20-City Composites are 44 percent and 47 percent above their respective troughs they remain below their summer 2006 peaks, the 10-City by 6.9 percent and the 20-City by 4.5 percent.



Housing News Update

The S&P CoreLogic Case-Shiller Home Price Indices are constructed to accurately track the price path of typical single-family home pairs for thousands of individual houses from the available universe of arms-length sales data. The National U.S. Home Price Index tracks the value of single-family housing within the United States. The indices have a base value of 100 in January 2000; thus, for example, a current index value of 150 translates to a 50 percent appreciation rate since January 2000 for a typical home located within the subject market.

The National Index in March was at 188.50 and the 10- and 20-City Composites had readings of 210.64 and 197.19 respectively. Los Angeles has the highest index reading at 259.33 and Detroit the lowest at 112.74.

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.

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