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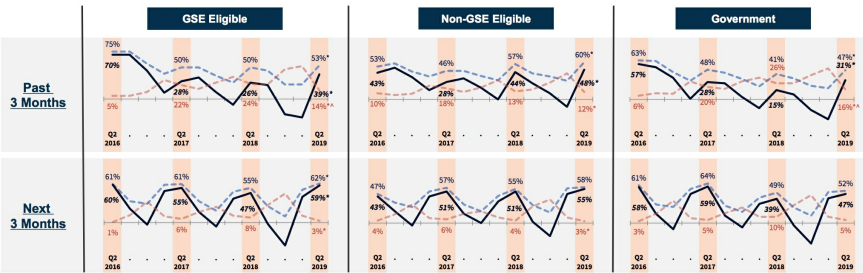
Lenders Sentiment Shines, Rising Profits and a Positive Outlook

Lenders are singing a **happier tune** when it comes to their profit margin outlook with those hopes driven by rising confidence in mortgage demand. The net share of lenders' perceptions about both recent and upcoming demand has turned positive for the first time in nearly three years.

Fannie Mae's Q2 Mortgage Lender Sentiment Survey saw net **positive responses rise across all three loan types** (government, GSE-eligible, and non-GSE-eligible loans) when lenders reported on increases in demand for both purchase and refinance mortgages over the previous three months.

In all three cases, these measures had reached survey lows in the first quarter of the year. Net positive responses in the second quarter rebounded to reach the highest readings for any second quarter since 2016 for GSE-eligible and government loans and the highest since Q2 2015 for non-GSE-eligible loans.

Demand growth expectations for **purchase mortgages** over the next three months also improved. The net share of lenders reporting growth expectations for GSE-eligible loans reached the highest level for any second quarter over the past three years and was the highest in the survey's history for non-GSE-eligible loans.



Reports of prior quarter demand for **refinancing turned positive for all loan types**, ending nine quarters of negative net readings. Similarly, the net share expecting refinance demand to increase during the upcoming quarter continued to climb and is now positive for the first time since Q3 2016 for GSE-eligible loans and since Q1 2016 for non-GSE-eligible and government loans.

National Average Mortgage Rates



	Rate	Change	Points
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

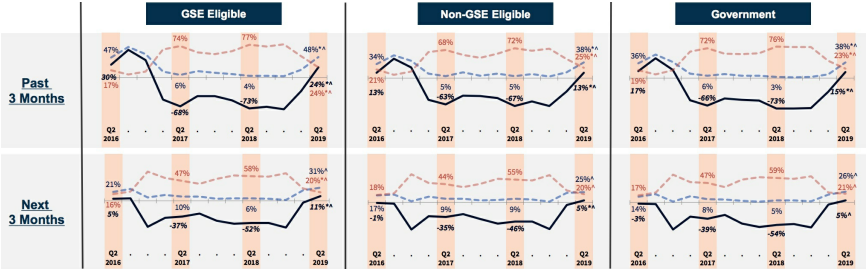
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

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%

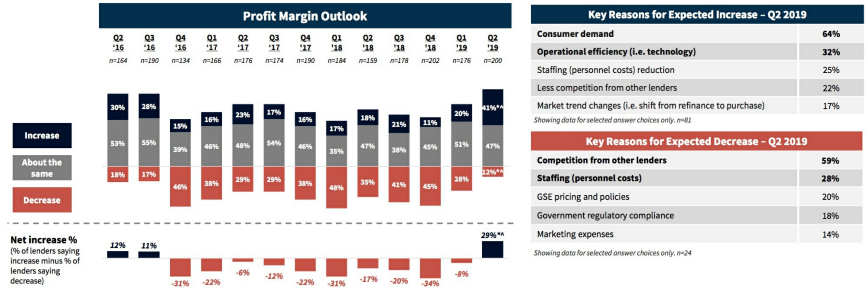
		Value	Change
Builder Confidence	Mar	51	+6.25%



These demand expectations in turn have turned profit margin outlooks positive on net also for the first time in nearly three years. Doug Duncan, Fannie Mae senior vice president and chief economist said, "Lenders are signaling strong demand-driven mortgage market dynamics, with optimism for both their consumer demand and profitability outlooks reaching multi-year highs.

"Lender sentiment regarding both recent and expected purchase mortgage demand growth across all loan types was the most upbeat in at least three years. And for the first time in more than two years, lenders who are reporting or expecting growing refinance demand became the majority.

"With brighter volume expectations, the profit margin outlook improved markedly, helping the net share of lenders reporting rising profits turn positive for the first time in nearly three years, with consumer demand cited as the top reason for the rosier outlook, Duncan said. "A lift in lender sentiment from depressed levels is an encouraging sign; however, many challenges remain, including the continued shortage of entry-level housing. In addition, it appears that the meaningful easing of lending standards is a thing of the past."



Lenders did concur that the **pace of credit easing is trending down**. Net perceptions about easing over the previous three months declined to the lowest levels since 2014 for GSE-eligible and government loans. Most lenders expect the trend to continue; the net of those expecting more easing was at the lowest level since 2014 as well.

The Mortgage Lender Sentiment Survey by Fannie Mae polls senior executives of its lending institution customers on a quarterly basis to assess their views and outlook across varied dimensions of the mortgage market. The Fannie Mae second quarter 2019 Mortgage Lender Sentiment Survey was conducted between May 1, 2019 and May 12, 2019.

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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