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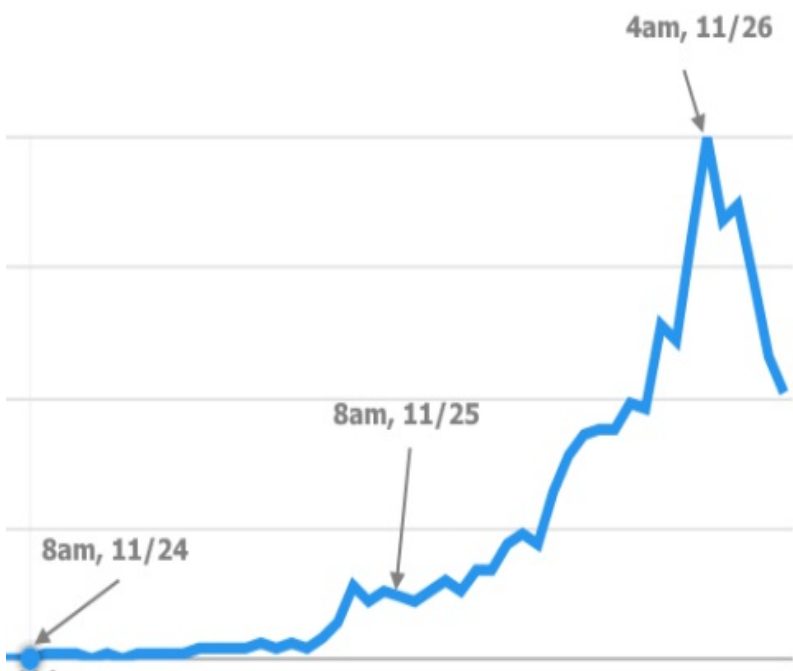
## New Covid Variant Rocks Markets; New Loan Limits Next Week

Just when it looked like the current week would fizzle out on a negative note for rates, our least favorite market mover is back in the news.

B.1.1.529 (designated now as "Omicron"), a new covid variant hit the market like a ton of bricks on Friday morning. 48 hours earlier, Google had never heard of it. Search interest began to ramp up on Thanksgiving Day. By Friday, it's an utterly pervasive headline.

Google Trends

● **b.1.1.529**  
 Search term



With financial markets closed for Thanksgiving, there was an abrupt reaction upon reopening for the half-day on Friday.

## National Average Mortgage Rates



|                            | Rate  | Change | Points |
|----------------------------|-------|--------|--------|
| <b>Mortgage News Daily</b> |       |        |        |
| 30 Yr. Fixed               | 6.89% | 0.00   | 0.00   |
| 15 Yr. Fixed               | 6.33% | +0.01  | 0.00   |
| 30 Yr. FHA                 | 6.33% | +0.01  | 0.00   |
| 30 Yr. Jumbo               | 7.05% | 0.00   | 0.00   |
| 5/1 ARM                    | 6.58% | 0.00   | 0.00   |

### Freddie Mac

|              |       |       |      |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 6.77% | -0.09 | 0.00 |
| 15 Yr. Fixed | 6.05% | -0.11 | 0.00 |

Rates as of: 7/22

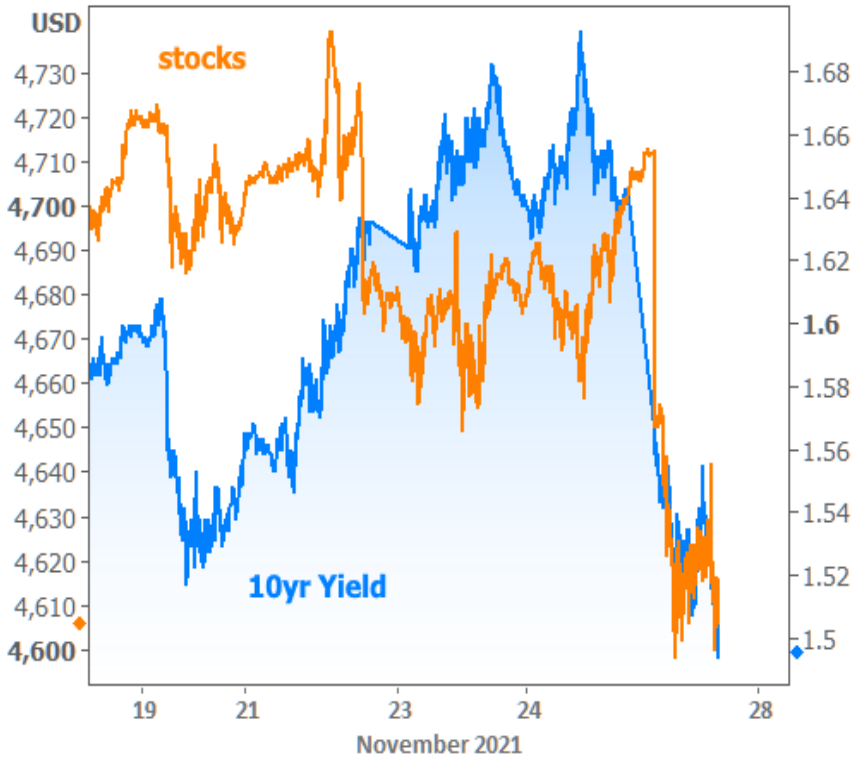
## Market Data

|                | Price / Yield | Change  |
|----------------|---------------|---------|
| MBS UMBS 5.5   | 99.39         | -0.01   |
| MBS GNMA 5.5   | 99.78         | +0.00   |
| 10 YR Treasury | 4.2520        | -0.0005 |
| 30 YR Treasury | 4.4701        | -0.0024 |

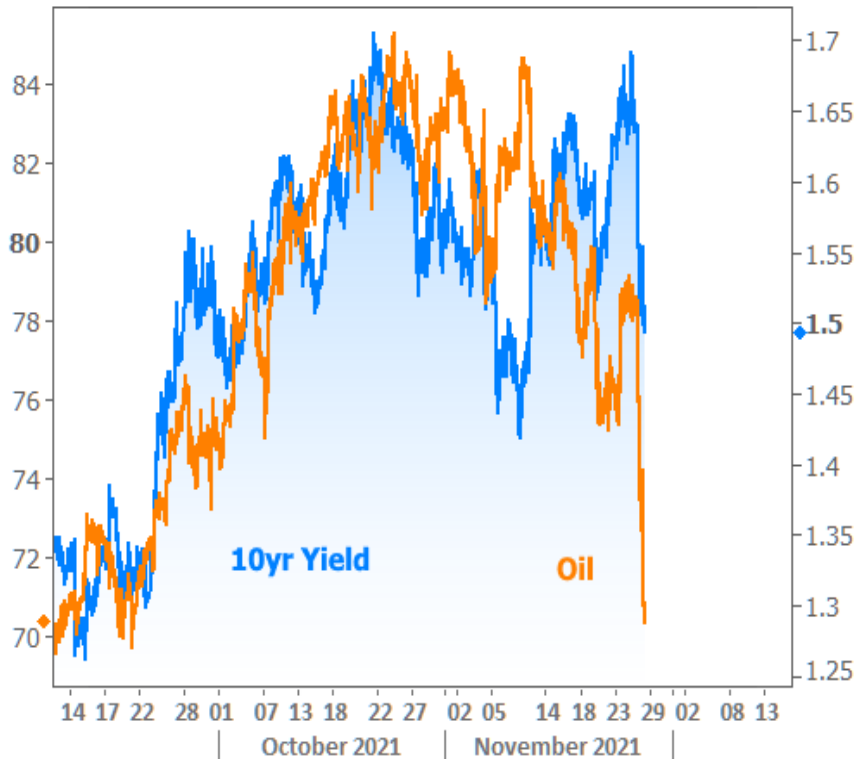
Pricing as of: 7/23 2:50AM EST

## 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%  |

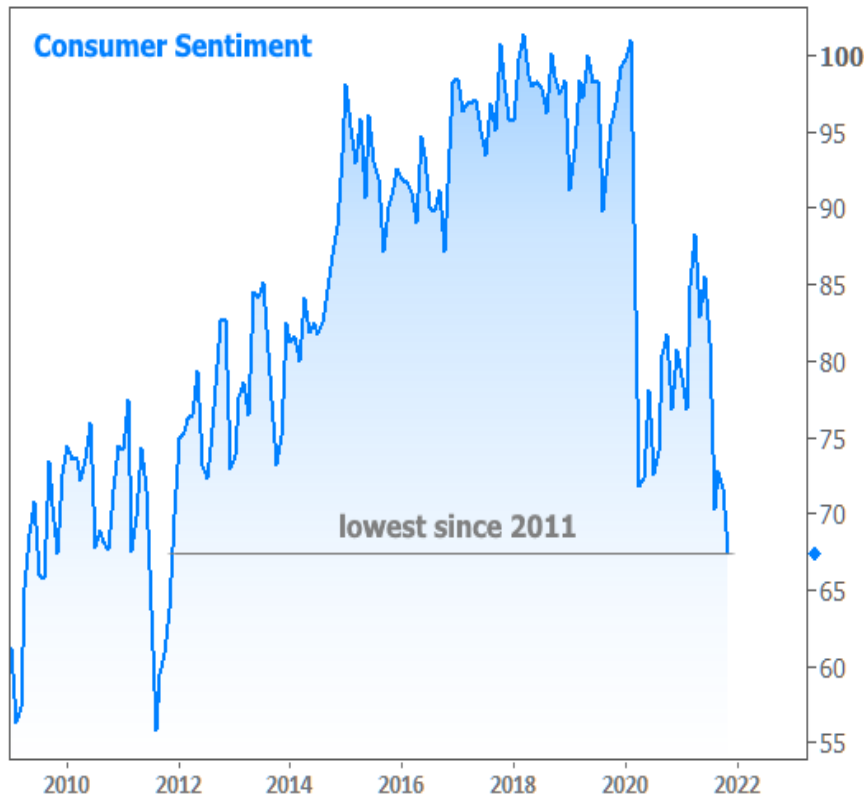


This augmented other moves that were already in progress, like the recent **decline in oil prices** and the outperformance of European bonds. Both are positive indicators for US rates as long as they keep doing what they're doing.

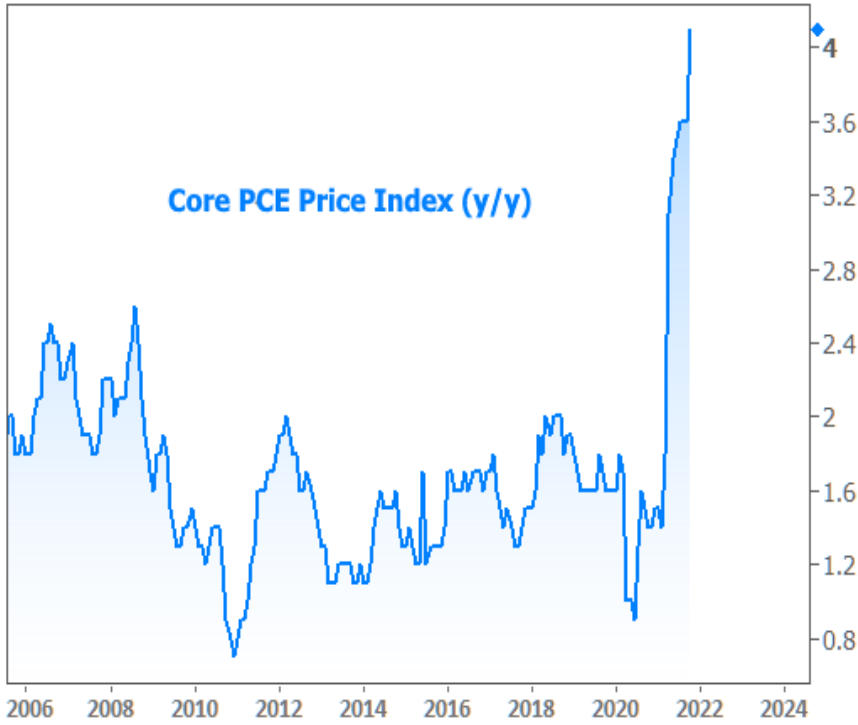




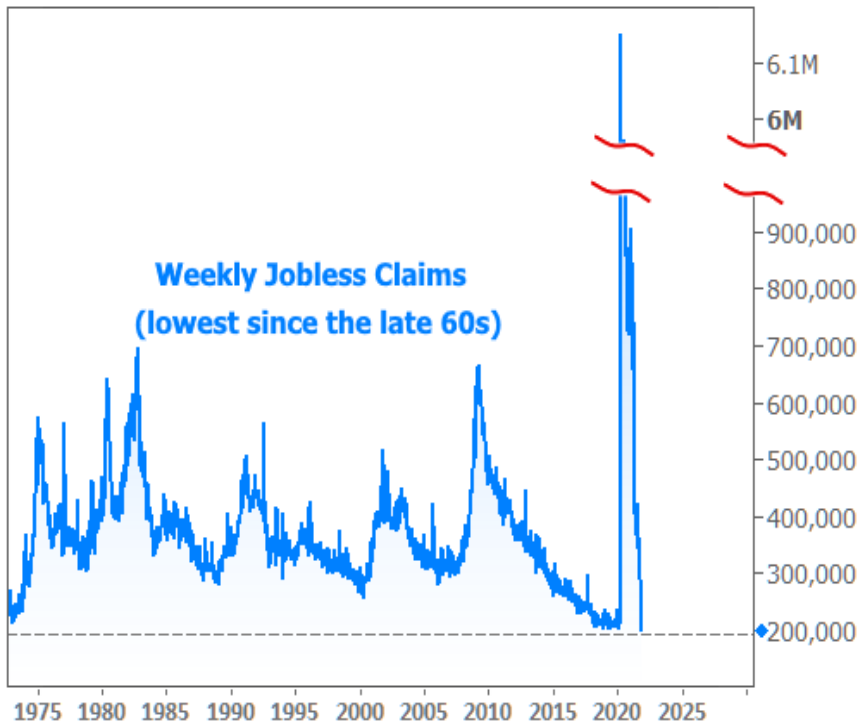
Some of the recent economic data, such as the Consumer Sentiment survey that came out on Wednesday, also suggests economic caution.



The **counterpoint** is that the low sentiment reading is primarily a factor of inflation, and inflation puts **upward** pressure on rates. A key inflation report was out at the exact same time on Wednesday morning, and let's just say it remains elevated.



There are other counterpoints as well--other places where the post-covid economy is shining. This week's most striking example is the drop in weekly jobless claims to the lowest levels since the late 1960's.

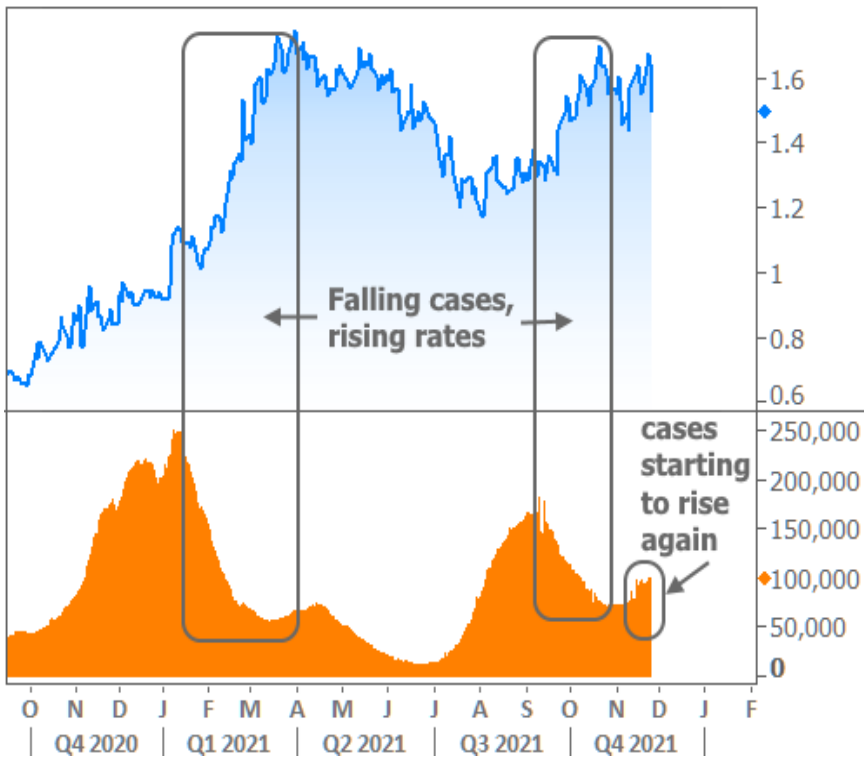


The point is that there are reasons for rates to move **higher** or **lower**. There always are.

In general, economic healing, inflation fears, and Fed tapering expectations began putting upward pressure on rates as early as the summer of 2020. Since then, there have been several "**yeah buts**" that have pushed back in the other direction. Most notably, the delta variant brought rates down significantly this past August.



In the coming weeks, the market will increasingly be looking to resolve the battle visualized in the chart above. If the Omicron variant proves to be as troublesome as Delta, it would likely go a long way toward reinforcing recent rate ceilings. Even if it doesn't, traders are wondering if we'll see a similar uptick in covid cases to those seen across Europe in recent weeks. There is already a modest increase in the past few weeks.



**Update on New Conforming Loan Limits**

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With unprecedented home price appreciation in 2021, there is a lot of anticipation for the annual increase in conforming loan limits. This usually happens on the 4th Tuesday of November, but this year it will be the 5th Tuesday (Nov 30th). We know this beyond a shadow of a doubt because the calculation relies on FHFA's quarterly expanded home price index data, and that data has been on the calendar for next Tuesday since August 2020.

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## FHFA Announces 2021 Release Dates for House Price Index

FOR IMMEDIATE RELEASE

8/19/2020

**Washington, D.C.** – The Federal Housing Finance Agency (FHFA) today announced the FHFA House Price Index (HPI) will be released at **9 a.m. ET** on the following Tuesdays in 2021:

|                    |                                    |
|--------------------|------------------------------------|
| January 26         | Monthly Index                      |
| <b>February 23</b> | <b>Quarterly and Monthly Index</b> |
| March 30           | Monthly Index                      |
| April 27           | Monthly Index                      |
| <b>May 25</b>      | <b>Quarterly and Monthly Index</b> |
| June 29            | Monthly Index                      |
| July 27            | Monthly Index                      |
| <b>August 31</b>   | <b>Quarterly and Monthly Index</b> |
| September 28       | Monthly Index                      |
| October 26         | Monthly Index                      |
| <b>November 30</b> | <b>Quarterly and Monthly Index</b> |
| December 28        | Monthly Index                      |

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## Recent Economic Data

| Date                     | Event                                | Actual | Forecast | Prior  |
|--------------------------|--------------------------------------|--------|----------|--------|
| <b>Monday, Nov 22</b>    |                                      |        |          |        |
| 10:00AM                  | Oct Existing home sales (ml)         | 6.34   | 6.20     | 6.29   |
| 10:00AM                  | Oct Exist. home sales % chg (%)      | 0.8    |          | 7.0    |
| <b>Tuesday, Nov 23</b>   |                                      |        |          |        |
| 9:45AM                   | Nov Markit Services PMI              | 57.0   | 59.0     | 58.7   |
| 9:45AM                   | Nov Markit Manuf. PMI                | 59.1   | 59.0     | 58.4   |
| 9:45AM                   | Nov Markit Composite PMI             | 56.5   |          | 57.6   |
| <b>Wednesday, Nov 24</b> |                                      |        |          |        |
| 7:00AM                   | w/e MBA Purchase Index               | 295.7  |          | 282.5  |
| 7:00AM                   | w/e MBA Refi Index                   | 2706.2 |          | 2695.0 |
| 8:30AM                   | Q3 GDP Prelim (%)                    | 2.1    | 2.2      | 2.0    |
| 8:30AM                   | Oct Durable goods (%)                | -0.5   | 0.2      | -0.3   |
| 8:30AM                   | w/e Jobless Claims (k)               | 199    | 260      | 268    |
| 10:00AM                  | Oct Core PCE Inflation (y/y) (%)     | 4.1    | 4.1      | 3.6    |
| 10:00AM                  | Oct New Home Sales (ml)              | 0.745  | 0.800    | 0.800  |
| 10:00AM                  | Nov Consumer Sentiment (ip)          | 67.4   | 66.9     | 66.8   |
| 10:00AM                  | Nov Sentiment: 5y Inflation (%)      | 3.0    |          | 2.9    |
| 10:00AM                  | Nov Sentiment: 1y Inflation (%)      | 4.9    |          | 4.9    |
| 10:00AM                  | Oct New Home Sales (%) (%)           | 0.4    |          | 14.0   |
| 10:30AM                  | w/e Crude Oil Inventory (ml)         | 1.017  | -0.481   | -2.101 |
| 2:00PM                   | FOMC Minutes                         |        |          |        |
| <b>Monday, Nov 29</b>    |                                      |        |          |        |
| 10:00AM                  | Oct Pending Sales Index              | 125.2  |          | 116.7  |
| 10:00AM                  | Oct Pending Home Sales (%)           | +7.5   | 0.9      | -2.3   |
| <b>Tuesday, Nov 30</b>   |                                      |        |          |        |
| 9:00AM                   | Sep Case Shiller Home Prices y/y (%) | +19.1  | 19.3     | 19.7   |
| 9:00AM                   | Sep FHFA Home Prices y/y (%)         | 17.7   |          | 18.5   |
| 9:45AM                   | Nov Chicago PMI                      | 61.8   | 67.0     | 68.4   |
| 10:00AM                  | Nov Consumer confidence              | 109.5  | 111.0    | 113.8  |
| <b>Wednesday, Dec 01</b> |                                      |        |          |        |
| 7:00AM                   | w/e MBA Purchase Index               | 310.7  |          | 295.7  |
| 7:00AM                   | w/e MBA Refi Index                   | 2304.5 |          | 2706.2 |
| 8:15AM                   | Nov ADP National Employment (k)      | 534    | 525      | 571    |
| 10:00AM                  | Nov ISM Manufacturing PMI            | 61.1   | 61.0     | 60.8   |
| 10:00AM                  | Oct Construction spending (%)        | 0.2    | 0.4      | -0.5   |

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

| Date                    | Event                        | Actual | Forecast | Prior |
|-------------------------|------------------------------|--------|----------|-------|
| <b>Thursday, Dec 02</b> |                              |        |          |       |
| 8:30AM                  | w/e Jobless Claims (k)       | 222    | 240      | 199   |
| <b>Friday, Dec 03</b>   |                              |        |          |       |
| 8:30AM                  | Nov Non-farm payrolls (k)    | 210    | 550      | 531   |
| 8:30AM                  | Nov Unemployment rate mm (%) | 4.2    | 4.5      | 4.6   |
| 10:00AM                 | Nov ISM N-Mfg PMI            | 69.1   | 65.0     | 66.7  |

## Expert advice, exceptional customer service

I am a seasoned Mortgage Broker with over 20 years of experience and a proven track record of closing loans in a timely manner. My goal is to provide clients throughout California with the best possible financing solutions by leveraging my experience and extensive network of lending partners. My professional background includes managerial positions at EarthLink and Mattel.

Previously I was a professional musician in Los Angeles having worked on numerous studio sessions and with Doc Severinsen and The Tonight Show Band. I have an MBA from the University of Southern California and a Bachelor's Degree from the Eastman School of Music in Rochester, NY.

**Roland Wilcox**

