



## Stephen Moye

Sales Manager/Senior Loan Officer NMLS:  
268619/CA-DBO268619, New American Funding Corporation. NMLS: 6606, Equal Housing Lender  
Licensed by the Department of Business Oversight

Under the California Residential Mortgage Lending Act  
CA-DBO268619 Corp. NMLS: 67180 Equal Housing Lender  
1615 Murray Canyon Road #1050 San Diego, CA 92108

Office: 619-309-1678  
Mobile: 619-895-8128  
Fax: (619) 793-1026  
[stephen.moye@nafinc.com](mailto:stephen.moye@nafinc.com)  
[View My Website](#)

# For Markets, Political Spotlight Shifts From US to Europe

In [last week's newsletter](#), we discussed a series of wild cards hitting the table and their impact on financial markets. Specifically, the potential reversal of post-election optimism helped interest rates break below 2017's narrow range. But that was just one small example of **much bigger uncertainty**. Sooner or later, markets will have to decide what's most important and trade accordingly.

## Domestic Fiscal Policy Wild Cards

One of the key takeaways from the presidential election was that a Trump administration was more likely to create growth and inflation than a Clinton administration. That's not necessarily how financial media portrayed the market reaction **BEFORE** the election, but that's certainly how traders responded **AFTER** the election.

In other words, rates and stock prices moved higher. There's no telling whether it was **actual** optimism for growth and inflation (both bad for rates) or a simply investor excitement over potential **tax reform** (great for stocks) that did the trick, but clearly, markets are tuned in to the fate of proposed fiscal reforms.

For now, traders are waiting to see if policies can get off the ground. To that end, rates had second thoughts about continuing deeper into 2017's lows due to the Trump administration's comments on tax reform. In separate headlines, Secretary Mnuchin said Treasury was hard at work on tax reform and Trump himself said a plan that was **bigger than "any tax cut ever"** would be unveiled next week.

## Geopolitical Wild Cards

Despite its lingering importance, fiscal drama has taken a back seat geopolitical concerns. Last week, this was all about Syria and North Korea. This week, focus shifted toward Europe.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	<b>+0.02</b>	0.00
15 Yr. Fixed	5.95%	<b>0.00</b>	0.00
30 Yr. FHA	5.82%	<b>+0.02</b>	0.00
30 Yr. Jumbo	6.62%	<b>0.00</b>	0.00
5/1 ARM	6.28%	<b>-0.01</b>	0.00

## Freddie Mac

30 Yr. Fixed	6.35%	<b>-0.51</b>	0.00
15 Yr. Fixed	5.51%	<b>-0.65</b>	0.00

Rates as of: 8/30

## Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	<b>+0.02</b>
MBS GNMA 5.0	99.93	<b>+0.02</b>
10 YR Treasury	3.9068	<b>+0.0029</b>
30 YR Treasury	4.1960	<b>+0.0028</b>

Pricing as of: 9/1 7:34PM EST

## Recent Housing Data

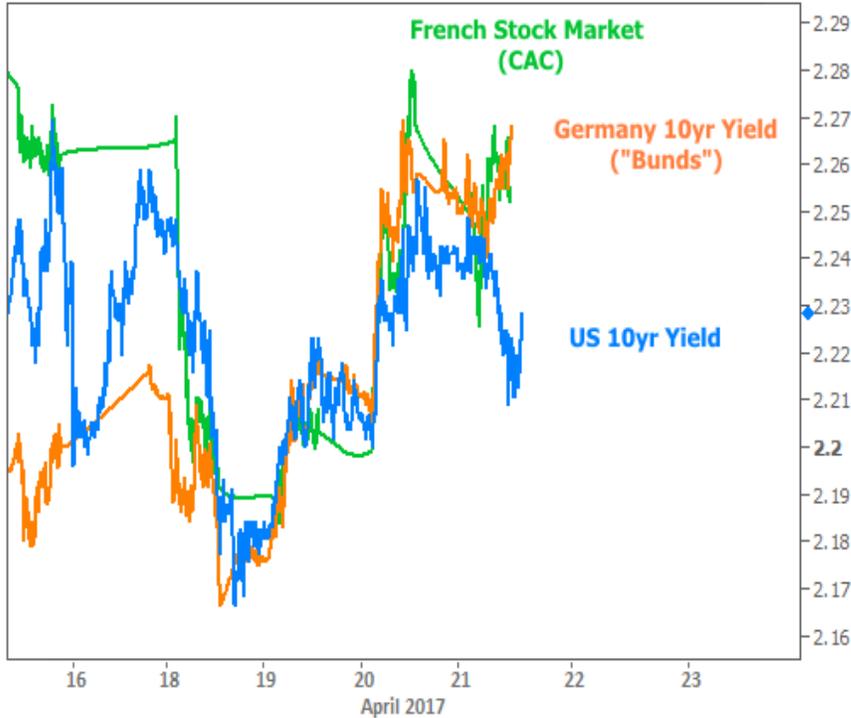
	Value	Change
Mortgage Apps	Aug 28 226.9	+0.49%
Building Permits	Mar 1.46M	-3.95%
Housing Starts	Mar 1.32M	-13.15%
New Home Sales	Mar 693K	+4.68%
Pending Home Sales	Feb 75.6	+1.75%

European markets were closed on Monday. When trading fired up on Tuesday, there was a quick reaction to headlines suggesting British Prime Minister Theresa May wanted to call an **early general election** (with the goal of retrenching support for Brexit-related policies). As far as markets are concerned, Brexit generally equates to lower stocks and rates. British stocks fell the most, but that weakness spilled over into global stock markets and ultimately provided some benefit for interest rates.

	Value	Change
Existing Home Sales	Feb 3.97M	-0.75%
Builder Confidence	Mar 51	+6.25%

**British** election surprises quickly gave way to **French** election expectations. It's no mystery that France will elect a new president this weekend, and that one of the candidates is the controversial Marine Le Pen. Much like Brexit, markets view Le Pen as "bad for business." In the second half of the week, Le Pen fell in polls, prompting a surge in French stocks and European bond yields. Here too, the move spilled over to US bond markets, pushing rates slightly higher.

European vs US Markets



Markets are mostly in position for Le Pen to **lose** on Sunday. Even so, the **confirmation** of that fact would be worth a bit of extra pain for interest rates. If she wins, the response would be much bigger (and likely positive for rates), but we'll cross those bridges in next week's newsletter.

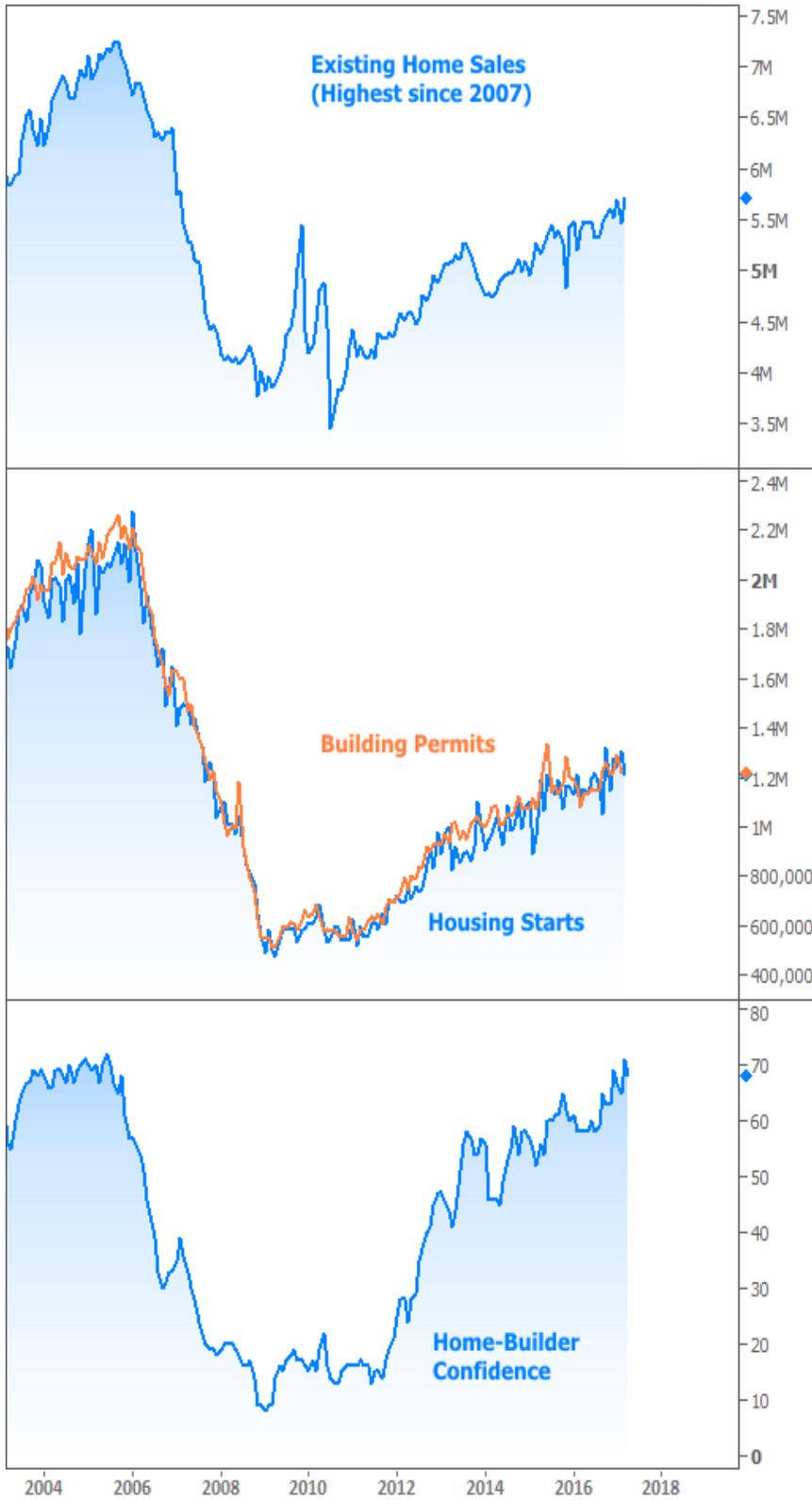
## Econ Data and Fed Wild Cards

The state of the economy and the Fed's subsequent policy response to economic conditions remains an ongoing wild card. Does the Fed **really believe** growth and inflation might necessitate tighter monetary policy or are they simply tightening now so they can loosen policy when the economy begins to lose steam? Interestingly enough, Fed members have answered "yes" to **both** those questions recently.

This week didn't tell us much about new evolutions in the Fed's thought process. And we only saw limited instances of new economic data. But the data that came out was generally **positive** for the housing market.

The National Association of Realtors' [Existing Home Sales report](#) inched up to its **best levels since 2007**, continuing a trend that's easy to see in the top of the following chart. [Government data on new construction](#) was a mixed bag with Housing Starts falling a bit short while Building Permits advanced. Both remain in a solid upward trend. [Homebuilder Sentiment](#) was the only major housing report that declined (note: it covers April while the other two covered March). Despite the decline, the bigger-picture trend remains arguably positive, as seen at the bottom of the chart.

## This Week's Housing Data



Subscribe to my newsletter online at: <http://housingnewsletters.com/stephenmoye>

## Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Monday, Apr 17</b>				
10:00AM	Apr NAHB housing market indx	68	70	71
<b>Tuesday, Apr 18</b>				
8:30AM	Mar Housing starts number mm (ml)	1.215	1.250	1.288
8:30AM	Mar Building permits: number (ml)	1.260	1.250	1.216
9:15AM	Mar Industrial Production (%)	+0.5	0.5	0.1
9:15AM	Mar Capacity Utilization (%)	76.1	76.2	75.9
<b>Wednesday, Apr 19</b>				
7:00AM	w/e Mortgage Market Index	395.6		402.9
7:00AM	w/e MBA Purchase Index	238.3		246.7
7:00AM	w/e Mortgage Refinance Index	1274.5		1272.3
<b>Thursday, Apr 20</b>				
8:30AM	Apr Philly Fed Business Index	22.0	25.0	32.8
8:30AM	w/e Initial Jobless Claims (k)	244	242	234
8:30AM	w/e Continued jobless claims (ml)	1.979	2.004	2.028
<b>Friday, Apr 21</b>				
10:00AM	Mar Existing home sales (ml)	5.71	5.60	5.48
<b>Tuesday, Apr 25</b>				
9:00AM	Feb Monthly Home Price mm (%)	0.8		0.0
10:00AM	Mar New home sales chg mm (%)	+5.8	-0.8	6.1
10:00AM	Mar New home sales-units mm (ml)	0.621	0.583	0.592
10:00AM	Apr Consumer confidence	120.3	122.5	125.6
1:00PM	2-Yr Note Auction (bl)		26	
<b>Wednesday, Apr 26</b>				
7:00AM	w/e Mortgage Market Index	406.2		395.6
1:00PM	5-Yr Note Auction (bl)	34		
<b>Thursday, Apr 27</b>				
8:30AM	Mar Durable goods (%)	+0.7	1.2	1.8
8:30AM	Mar Nondefense ex-air (%)	+0.2	0.5	-0.1
10:00AM	Mar Pending homes index	111.4		112.3
1:00PM	7-Yr Note Auction (bl)	28		
<b>Friday, Apr 28</b>				
8:30AM	Q1 GDP Advance (%)	+0.7	1.2	2.1
9:45AM	Apr Chicago PMI	58.3	56.4	57.7
10:00AM	Apr U Mich Sentiment Final (ip)	97.0	98.0	98.0

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

## thanks for visiting this site

thank you for coming to website. Having been a loan officer for 20+year...I know first hand how important it is to stay on top of the news and event that effect mortgage rates, regulation, and program guidelines. Let this web site be a resource for you.

New American Funding CA-DBO268619 Corp. NMLS: 6606

Equal Housing Lender

Licensed by the Department of Business Oversight Under the California Residential Mortgage Lending Act

**Stephen Moye**

