



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
[View My Website](#)

Freddie Mac Forecast Sees Lower Interest Rates Holding

Freddie Mac's Economic Research Group says in its January forecast that much of the volatility in the mortgage market since the end of the year has arisen out of speculation about the Federal Reserve's future moves vis-à-vis rate hikes. Because of this they have begun including their estimates for the Federal Funds Effective Rate in their monthly forecast. They have **ratcheted back their prediction to only one rate increase** this year and expect the fund to average 2.3 percent in 2019. It will then hold steady at 2.5 percent for each of the four quarters in 2020.

The current estimates for the fourth quarter of 2018 indicate the growth in the U.S. economy slowed to 2.6 percent. It is anticipated the partial shutdown of the federal government starting in late December and lasting for most of January will have a negative impact on the first quarter of 2019. The economists estimate growth for all of 2019 at 2.5 percent with further slowing to 1.8 percent in 2020.

Unemployment averaged 3.9 percent last year, **the lowest rate in 49 years**. Despite the shutdown and claims filed by furloughed federal employees, jobless claims fell 1.4 percent to 213,000 in the second week of January and the four-week moving average decreased 0.5 percent to 220,750, much stronger than in early December. Hourly wages jumped 0.4 percent in December an annual gain of 3.2 percent. Freddie Mac's economist expect unemployment to tick down to 3.6 percent and then return to a more sustainable 3.9 percent in 2020.

The 30-year fixed-rate, which had been climbing for several months, reaching a seven-year high, took a breather starting in mid-November and fell to a nine-month low of 4.45 percent in early January. Because the Fed has indicated more caution about future rate hikes Freddie Mac has revised its mortgage rate forecast down. They now expect the 30-year fixed-rate to average 4.7 percent this year and 4.9 percent in 2020. The moderation of mortgage rates should, the forecast says, offer **some relief to the previously strained housing market**.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

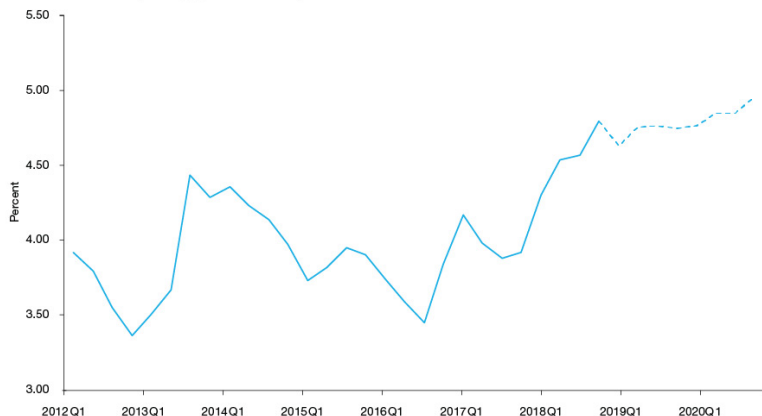
Recent Housing Data

		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%

Exhibit 1

Mortgage rates expected to moderate in 2019

Freddie Mac Primary Mortgage Market Survey®



Source: Freddie Mac Primary Mortgage Market Survey® (PMMS®)
 Note: Dashed line indicates forecasted data.

		Value	Change
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

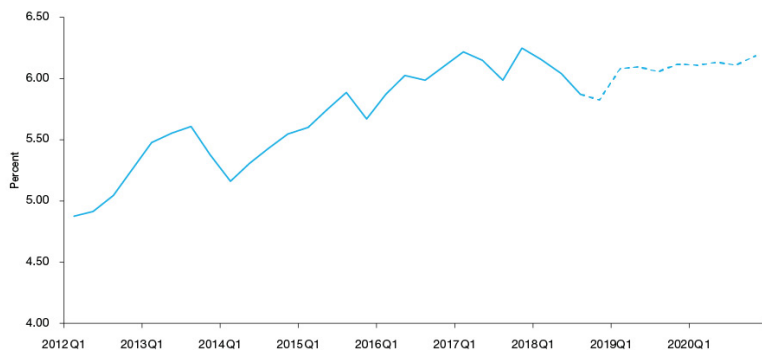
Housing starts increased 3.2 percent in November to 1.26 million units and permits were **up 5 percent to an eight-month high** of 1.33 million. Both increases were due to gains in multifamily construction while single family building continues to be constrained by higher construction costs. December's residential construction report has been delayed by the government shutdown. The forecast is for all housing starts to recover slowly over the next three years with both single family and multifamily numbers improving each year. Total starts will reach 1.29 million this year and 1.36 million in 2020.

Home sales will also rise, increasing to 6.09 million and 6.14 million units this year and next. Existing home sales will drive this year's total; **new home sales will remain flat.**

Exhibit 2

Home sales expected to regain momentum despite recent dip

Home sales (existing + new)



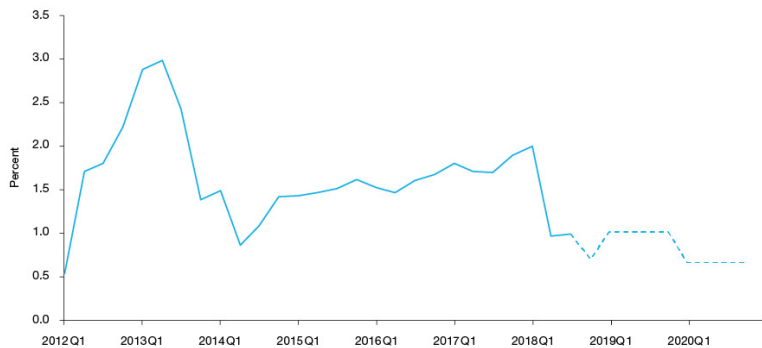
Source: U.S. Census Bureau, Freddie Mac January 2019 Economic and Housing Research Forecast
 Note: Dashed line indicates forecasted data.

While still rising, home prices have finally begun to cool. Freddie Mac's House Price Index fell slightly to 0.7 percent in the fourth quarter and is expected to increase 4.1 percent and 2.7 percent in 2019 and 2020, respectively.

Exhibit 3

Home price appreciation in the U.S.

Quarterly percent change in Freddie Mac House Price Index



Source: Freddie Mac House Price Index, January 2019 Economic and Housing Research Forecast
 Note: Dashed line indicates forecasted data.

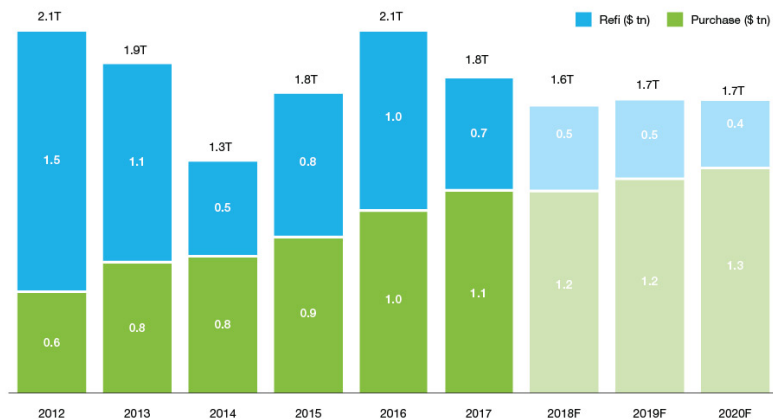
The economists expect single-family mortgage originations to reach \$1.68 trillion in 2019, a 2.1 percent improvement, and remain at a similar volume in 2020. With lower mortgage rates they now forecast the refinancing share of originations to be 27 percent and 24 percent in 2019 and 2020.

As well as adding an estimate of the Feds Effective Rate to the forecast, the economists have begun breaking out their predictions for new and existing home sales and single-family and multifamily construction numbers.

Exhibit 4

Mortgage originations likely to decline slightly in 2018

Annual single-family mortgage originations (\$ trillions)



Source: Freddie Mac January 2019 Economic and Housing Research Forecast
 Note: Totals may not add due to rounding. Includes only 1st lens.

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

