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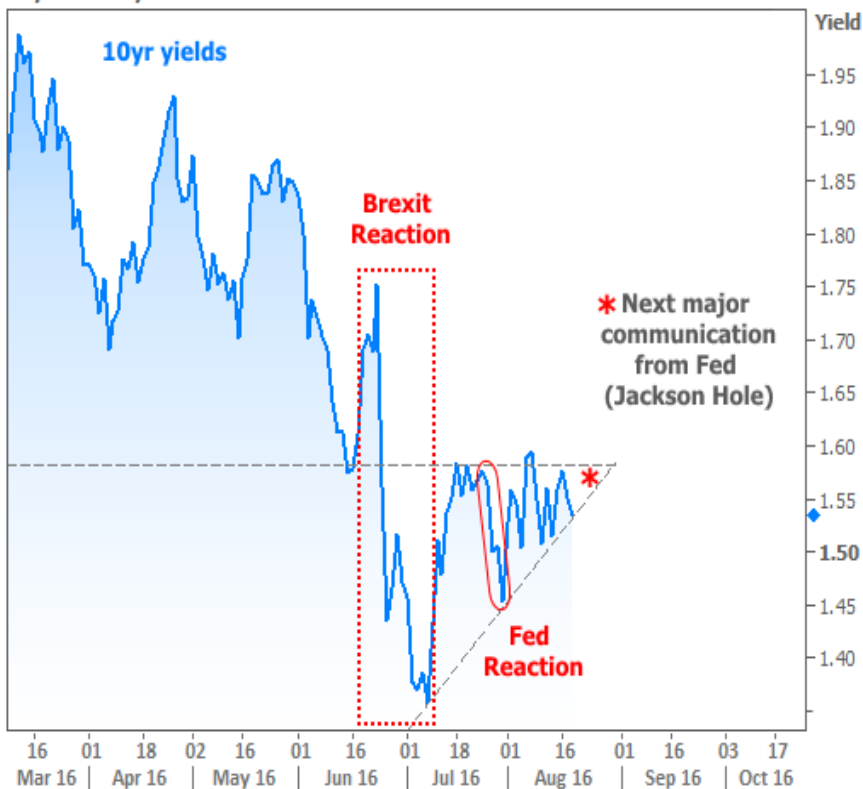
What Will It Take To Break Holding Pattern in Housing and Markets?

Two separate holding patterns were in focus this week--one in housing-related economic data, and the other in broader financial markets. One of these holding patterns stands a good chance of **being broken** next week. The other is anyone's guess.

The holding pattern in financial markets was precipitated by the UK's vote to leave the European Union (Brexit) in late June. Brexit, itself, did not force financial markets to get locked in a tight trading range. Rather, it sent markets on a relatively **wild ride**. It's in the aftermath of that wild ride that we see markets wondering which way to go next.

The following chart shows 10yr Treasury yields (the best benchmark for big picture domestic interest rate movement). Notice that even the late July Fed announcement **couldn't manage** to break yields out of the increasingly narrow range.

10yr Treasury Yield



National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

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	99.49	+0.11
MBS GNMA 5.5	99.91	+0.14
10 YR Treasury	4.2310	-0.0215
30 YR Treasury	4.4533	-0.0192

Pricing as of: 7/23 9:00AM 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%

Then, this week's release of the Fed "Minutes" (more detailed notes from the meeting that resulted in the "Fed Reaction" above) couldn't even cause enough movement to earn a place on the chart. Instead, it will take something more potent.

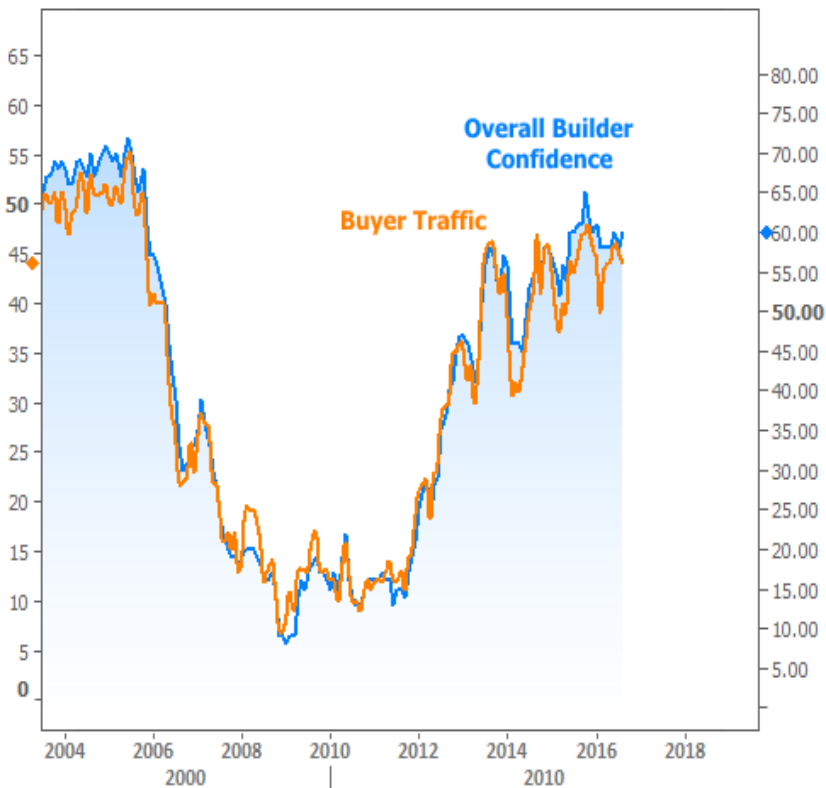
The best candidate for such a potent event is next week's Jackson Hole Symposium, generally regarded as a venue for the Fed to offer a slightly **more candid overview** of where monetary policy is headed. With markets currently seeing nearly a 50 percent chance of a rate hike by December, hopes are high that Yellen's speech next Friday will add clarity to the debate.

Even if Yellen doesn't inspire markets for better or worse, interest rates will have **run out of room** to be indecisive and must choose a path soon. Historically, such breakouts often mark the start of a new wave of momentum.

Housing-related economic data isn't quite so lucky when it comes to having its holding pattern forcibly ended. Two separate reports reiterated the "decent but stagnant" level of growth in construction.

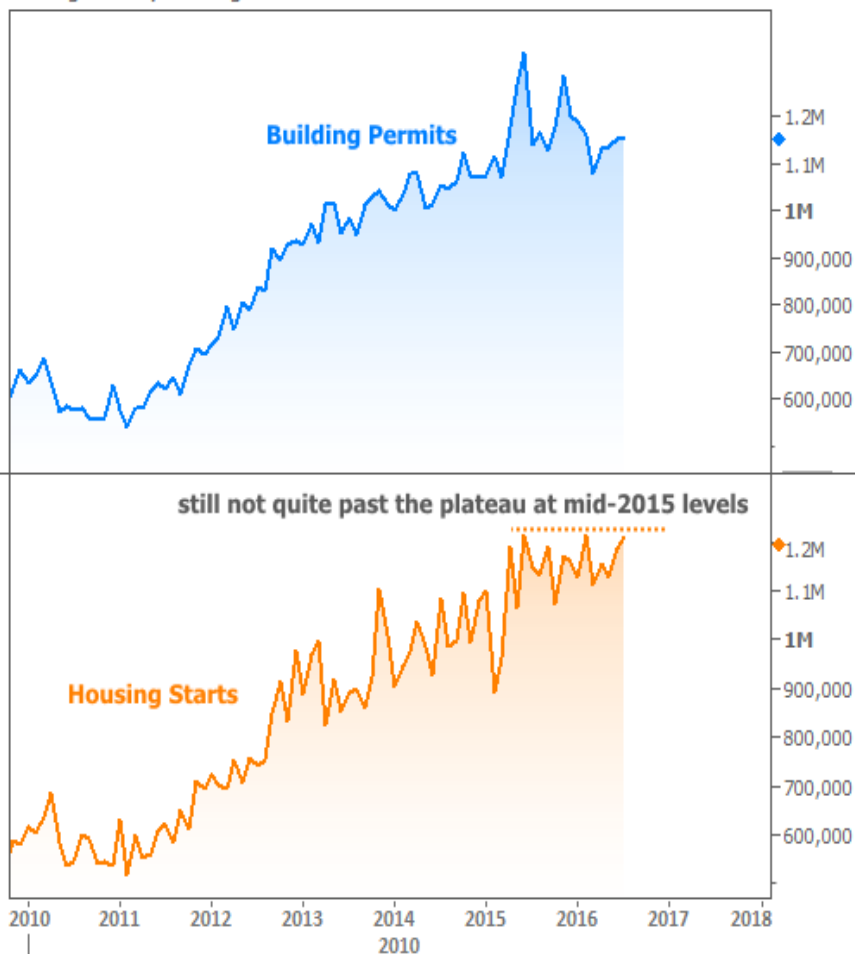
The National Association of Homebuilders released its [Housing Market Index](#). This measure of builder confidence has been **stuck** in the same range since December and is currently being weighed down by the component that measures buyer traffic.

Homebuilder Confidence



In separate data, [Housing Starts and Building Permits](#) also **continue to struggle** breaking their last major high from the middle of 2015.

Housing Starts / Building Permits



The data isn't all stagnant when it comes to housing, however. In particular, both [Freddie Mac](#) and [CoreLogic](#) released updated predictions for originations in 2016. Both see **significant increases in loan volume** thanks to historically low interest rates. Unsurprisingly, a majority of that volume is attributable to refinance demand, although purchase loans have increased as well.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Aug 15				
8:30AM	Aug NY Fed manufacturing	-4.21	2.50	0.55
10:00AM	Aug NAHB housing market indx	60	60	59
Tuesday, Aug 16				
8:30AM	Jul CPI index, nsa	240.65	240.831	241.040
8:30AM	Jul Core CPI mm, sa (%)	+0.1	0.2	0.2
8:30AM	Jul Core CPI yy, nsa (%)	+2.2	2.3	2.3
8:30AM	Jul Housing starts number mm (ml)	1.211	1.180	1.189
8:30AM	Jul Building permits: number (ml)	1.152	1.160	1.153

Event Importance:

- No Stars = Insignificant
- ☆ Low
- ★ Moderate
- ★★ Important
- ★★★ Very Important

Date	Event	Actual	Forecast	Prior
9:15AM	Jul Industrial output mm (%)	+0.7	0.3	0.6
9:15AM	Jul Capacity utilization mm (%)	75.9	75.6	75.4
Wednesday, Aug 17				
7:00AM	w/e Mortgage Market Index	541.5		564.0
Thursday, Aug 18				
8:30AM	Aug Philly Fed Business Index	2.0	2.0	-2.9
8:30AM	w/e Initial Jobless Claims (k)	262	265	266
Tuesday, Aug 23				
10:00AM	Jul New home sales-units mm (ml)	0.654	0.580	0.592
1:00PM	2-Yr Note Auction (bl)	26		
Wednesday, Aug 24				
9:00AM	Jun Monthly Home Price mm (%)	0.2		0.2
10:00AM	Jul Existing home sales (ml)	5.39	5.51	5.57
1:00PM	5-Yr Note Auction (bl)	34		
Thursday, Aug 25				
8:30AM	Jul Durable goods (%)	+4.4	3.3	-3.9
1:00PM	7-Yr Note Auction (bl)	28		
Friday, Aug 26				
8:30AM	Q2 GDP Prelim (%)	+1.1	1.1	1.2
10:00AM	Aug U Mich Sentiment Final (ip)	89.8	90.6	90.4
Wednesday, Apr 05				
2:00PM	FOMC Minutes			

Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its "Proposed Criteria for Evaluating Home Buyer Contract Forms" on Tuesday. The 15 criteria focus on the contracts' form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document's expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker's compensation clearly stated and that the buyer broker can't receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker's commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

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