



**Tom Payne**

Senior Loan Consultant, loanDepot  
 NMLS# 1017004 #174457 Licensed in all 50 States  
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243  
 Mobile: 702-303-0243  
[tompaynemortgage@gmail.com](mailto:tompaynemortgage@gmail.com)  
[View My Website](#)

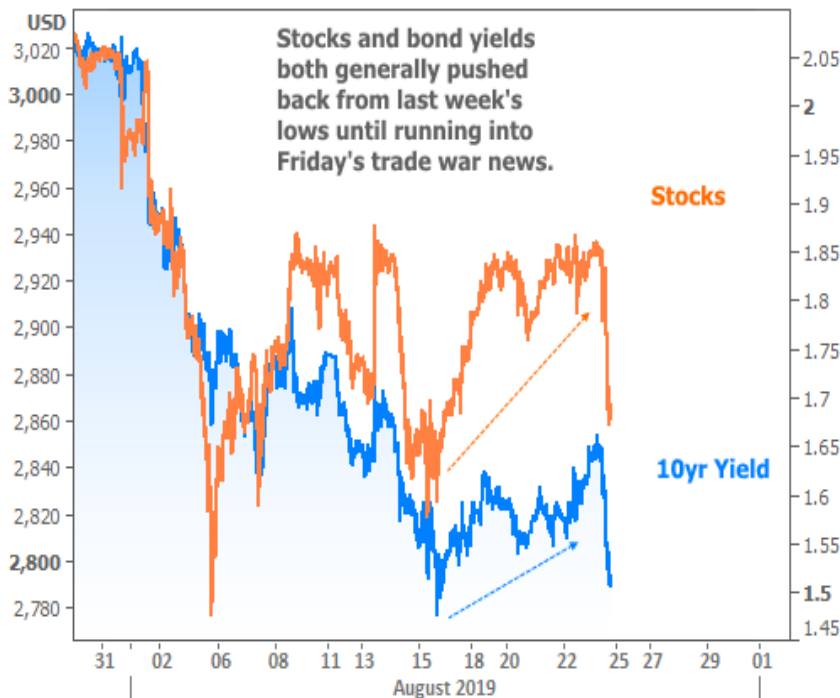
## No Rest For Refi Boom as Tweets Trump Fed

Various speeches from members of the Federal Reserve contributed to upward pressure on rates throughout the week. But then on Friday, all that pressure was erased in an instant or two. What has that kind of power?

If you were forced to guess Friday's big market mover in advance based on a schedule of events, the most logical choice would be the Fed's **Jackson Hole** symposium. The Fed Chair often delivers a speech at Jackson Hole that's worthy of a fairly big response.

But this year, Trump trade tweets trumped the Fed, and it **wasn't even a close call**. In fact, between China announcing tariffs on the US early in the morning and Trump's tweets a few hours later, the trade war news on Friday completely erased an entire week's worth of movement in both stocks and bonds.

Rates vs Stocks



Here's a closer look at Friday itself so we can see how Fed Chair Powell's big speech stacked up against the trade news.

## National Average Mortgage Rates



	Rate	Change	Points
--	------	--------	--------

### 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

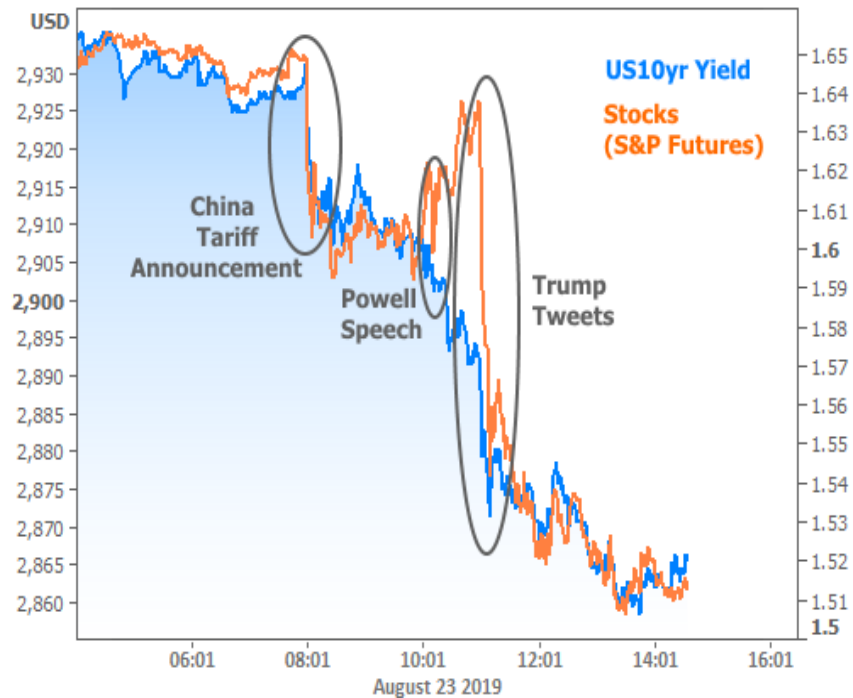
	Price / Yield	Change
MBS UMBS 5.5	99.39	-0.01
MBS GNMA 5.5	99.78	+0.00
10 YR Treasury	4.2379	-0.0146
30 YR Treasury	4.4561	-0.0164

Pricing as of: 7/23 12:38AM EST

## Recent Housing Data

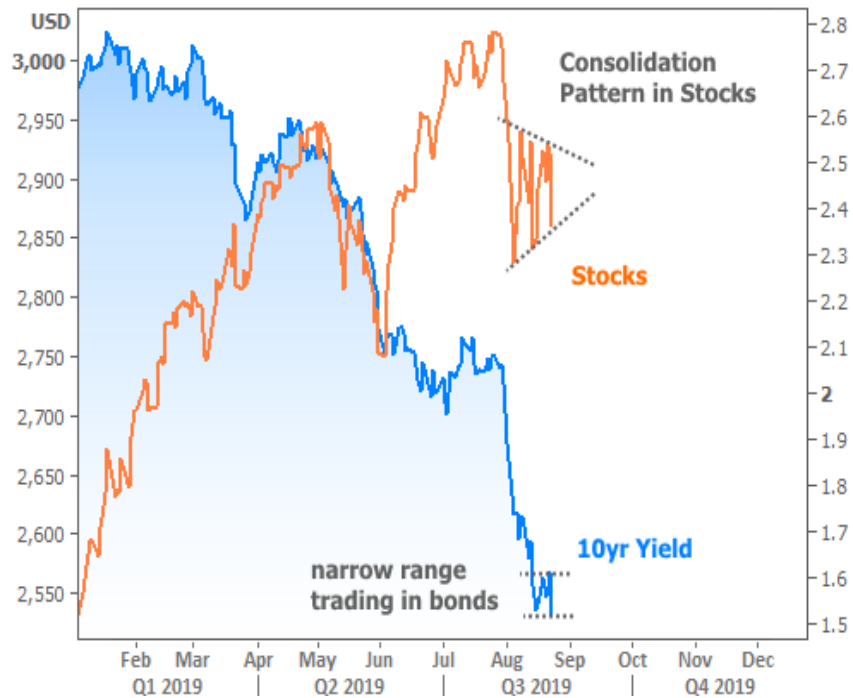
		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

Rates vs Stocks



Up until then, there was some question as to rates remaining inside their super low range and stocks potentially breaking above a glass ceiling marked by recently recurring highs. Afterward, bonds look like they're **right where they want to be** while stocks are now much closer to the **other** side of August's consolidation pattern.

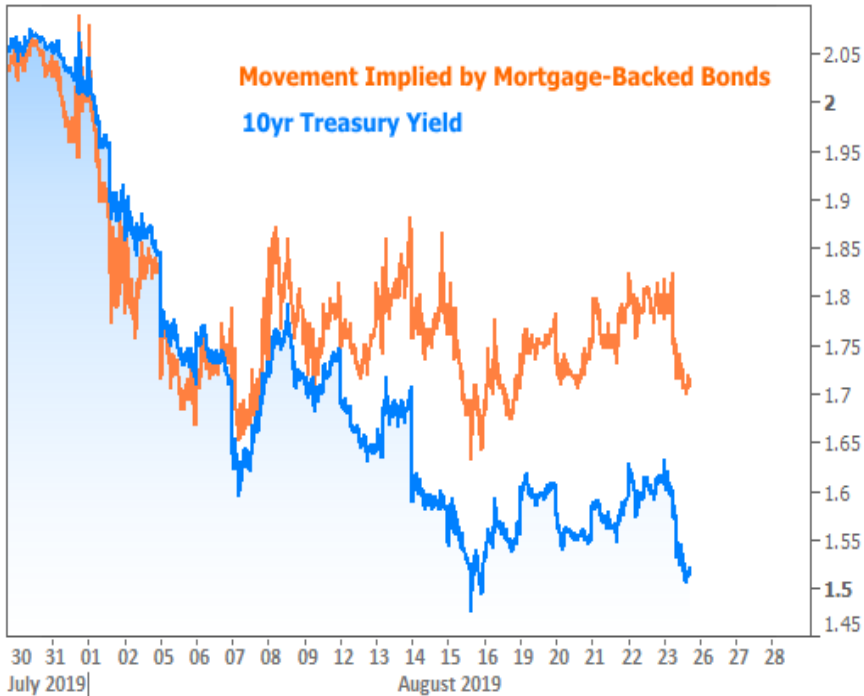
Rates vs Stocks



If Friday's brand of drama continues impacting markets, both stocks and bonds could end up breaking their respective floors seen in the chart above. Market technicians believe that such breakouts carry an implication for additional momentum. Paradoxically, that might be **too much of a good thing** for the mortgage market.

When it comes to housing and mortgages, low rates are obviously a great thing in general. But MBS (the mortgage-backed securities that dictate the rates lenders can offer) don't cope well with huge moves and volatility. In short, they've had a **hard time keeping pace** with the move lower in Treasury yields (which are typically almost perfectly correlated).

Rates vs Mortgage Backed Securities

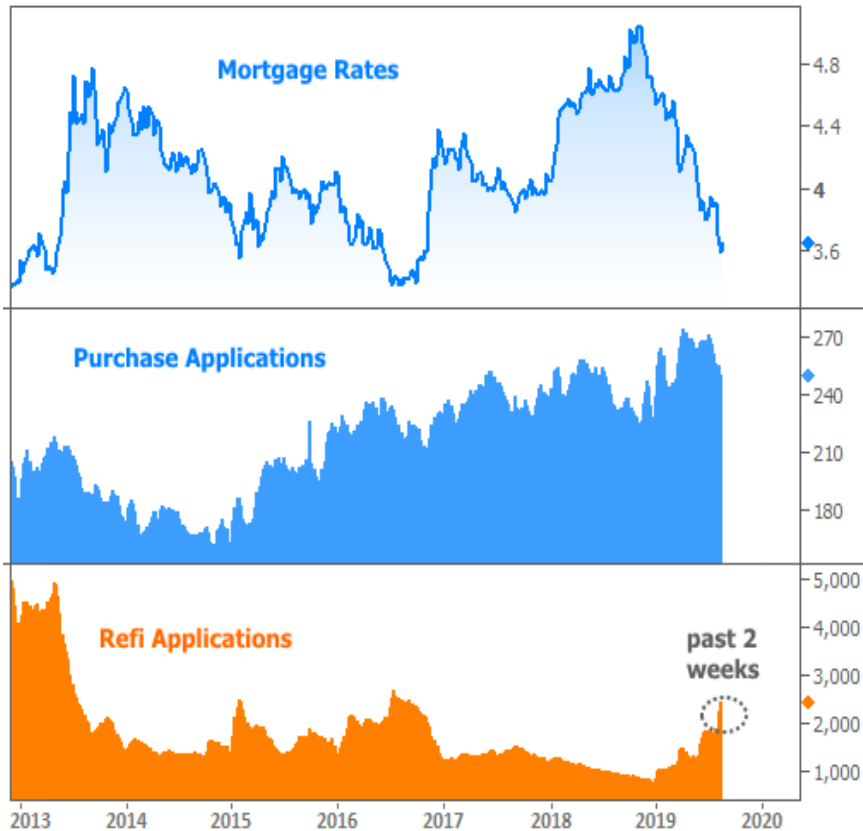


As seen in the chart above, there are several points in time where the orange line is higher than it was in the recent past while the blue line is lower. Today versus August 7th is a prime example.

So what's the fallout? It's **actually not terrible**. More than anything, this is simply something to be aware of if you need a mortgage or if your work depends upon the mortgage market in some way. Simply put: rates are super low in general, but they're not any lower than they were earlier this month--even though the 10yr Treasury yield is trying to convince you otherwise.

Given enough stability in the bond market (which may or may not happen any time soon) and enough passage of time (which is pretty much guaranteed if you can manage to wait for it), this paradox should begin to heal itself. Just know that "time," in this case, could be weeks or even months. If Treasury yields happen to be **higher** by then, mortgage rates **wouldn't** likely be any **lower** than they are now.

Fortunately, today's mortgage rates have been just fine as far as recent data is concerned. The "**refi boom**" we discussed last week continued in full swing according to this week's data. While we're nowhere near the epic levels seen in 2012 and early 2013, we've rapidly regained the still-impressive 2016 territory.

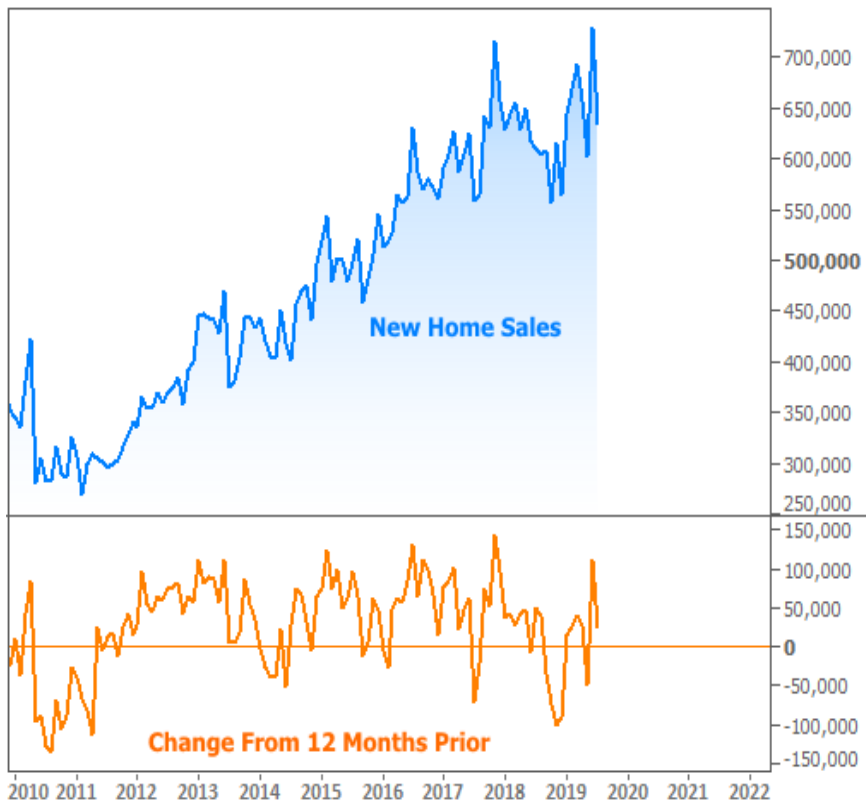


Purchase mortgage applications declined, but only due to seasonal factors (the chart above is NOT seasonally adjusted. We always see a drop at this time of year). Were we to examine year-over-year changes in purchases, we'd see some **very promising trends** in housing. In so doing, we could set the record straight on some unnecessarily downbeat headlines regarding New Home Sales.

Please understand, the following is not an attempt to be a cheerleader for home sales--simply to focus on facts. At the headline level, The Census Bureau reported a 12.8% decline in July--**far below the forecast** calling for a 0.2% decline. **But this is misleading.** June's number was initially reported as 646k (annual pace of sales). July's tally of 635k would therefore be less than a 2% decline. What gives?

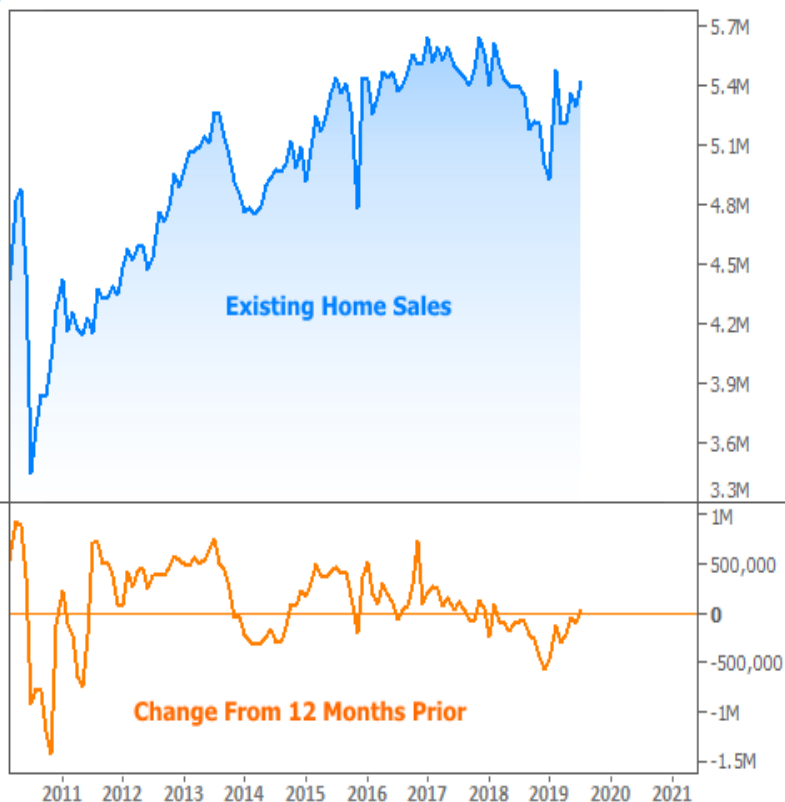
The New Home Sales data is well known for huge margins of error and substantial revisions. June contained just such a revision. It **catapulted that initial 646k number to a mighty 728k!** The interesting thing about 728k is that it's the highest reading since the Financial Crisis. Moreover, it's a REVISED number and thus more "locked-in" than July's 635k. And if all that is too much to think about, try this: June and July combined for more New Home Sales than any other 2 months except Nov/Dec 2017. You'd have to go back to 2007 to see anything higher.

New Home Sales



Existing Home Sales constitute a **far bigger part of the housing market** and the news is good there too. July's sales brought the annual pace to 5.42 million from a positively-revised 5.29 million in June. It was the first time in more than a year that Existing Sales have been in positive territory versus the same month in the previous year.

Existing Home Sales



**Long-story short:** the rebound in housing that this newsletter discussed extensively in early 2019 has come to fruition. Where we go from here remains to be seen and likely depends on economic variables and rates' ability to stay in "refi boom" territory.

Rates themselves--although obviously susceptible to trade war surprises--will also take guidance from economic data. In that regard, next week is more active. Traders will be looking at manufacturing-related data to see how much the trade-related uncertainty continues to filter through to the real economy.

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

Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Wednesday, Aug 21</b>				
7:00AM	w/e MBA Purchase Index	243.8		252.6
7:00AM	w/e Mortgage Refinance Index	2754.7		2742.9
10:00AM	Jul Existing home sales (ml)	5.42	5.39	5.27
10:00AM	Jul Exist. home sales % chg (%)	2.5	2.5	-1.7
2:00PM	FOMC Minutes			
<b>Thursday, Aug 22</b>				
8:30AM	w/e Jobless Claims (k)	209	216	221
<b>Friday, Aug 23</b>				
10:00AM	Jul New home sales chg mm (%)	-12.8	-0.2	7.0

Event Importance:

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

Date	Event	Actual	Forecast	Prior
10:00AM	Jul New home sales-units mm (ml)	0.635	0.649	0.646
<b>Monday, Aug 26</b>				
8:30AM	Jul Durable goods (%)	2.1	1.2	1.9
<b>Tuesday, Aug 27</b>				
9:00AM	Jun Monthly Home Price yy (%)	4.8		5.0
9:00AM	Jun CaseShiller 20 yy (%)	2.1	2.4	2.4
10:00AM	Aug Consumer confidence	135.1	129.5	135.7
1:00PM	2-Yr Note Auction (bl)	40		
<b>Wednesday, Aug 28</b>				
7:00AM	w/e MBA Purchase Index	234.1		243.8
7:00AM	w/e Mortgage Refinance Index	2545.6		2754.7
1:00PM	5-Yr Note Auction (bl)	41		
<b>Thursday, Aug 29</b>				
8:30AM	Q2 GDP Prelim (%)	2.0	2.0	2.1
8:30AM	w/e Jobless Claims (k)	215	215	211
10:00AM	Jul Pending Home Sales (%)	-2.5	0.0	2.8
10:00AM	Jul Pending Sales Index	105.6		108.3
1:00PM	7-Yr Note Auction (bl)	32		
<b>Friday, Aug 30</b>				
8:30AM	Jul Core PCE Inflation (y/y) (%)	1.6	1.6	1.6
9:45AM	Aug Chicago PMI	50.4	47.5	44.4
10:00AM	Aug Consumer Sentiment (ip)	89.8	92.1	92.1

## 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](mailto:TPayne@loandepot.com)

We are a direct nationwide lender.  
EQUAL HOUSING LENDER

**Tom Payne**

