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## Highest Mortgage Rates in More Than a Month, But There Are Silver Linings

So far, 2024 has been distinctly different from the end of 2023. November and December saw rates move lower at one of the fastest paces in decades. In contrast, January has delivered a fairly consistent uptrend with the average lender now at the highest levels in more than a month.

Frustratingly, widespread media coverage suggested rates fell to their lowest levels since May this week. Rest assured, this is NOT the case. It wasn't even the case last week, although that the claim would have been less frivolous last week.

The source of the confusion is Freddie Mac's weekly survey which is the longest-running and most widely cited mortgage rate index overall. While there are a few reasons that it doesn't always line up perfectly with reality, the biggest issue is really the lag effect resulting from the survey's timing and methodology.

Freddie takes an average of rate quotes on Thursday through Wednesday and reports that a day later. In other words, Thursday January 11th through Wednesday January 17th is this week's survey time frame. The 11th and 12th were the two best days of the past 2 weeks. They dragged the average down. Thursday and Friday of the current week have seen the highest rates in more than a month. They are NOT included in Freddie's survey.

Here's a comparison between the Freddie survey rate and the more timely MND daily index. As always, the best way to use a chart like this is to compare the movement in the lines, because outright rates themselves can be affected by multiple factors.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.44%	-0.04	0.00
15 Yr. Fixed	5.97%	-0.03	0.00
30 Yr. FHA	5.90%	-0.04	0.00
30 Yr. Jumbo	6.66%	-0.02	0.00
5/1 ARM	6.32%	-0.06	0.00

### Freddie Mac

30 Yr. Fixed	6.46%	-0.40	0.00
15 Yr. Fixed	5.62%	-0.54	0.00

Rates as of: 8/23

## Market Data

	Price / Yield	Change
MBS UMBS 5.5	100.93	+0.26
MBS GNMA 5.5	100.83	+0.22
10 YR Treasury	3.7999	-0.0531
30 YR Treasury	4.0908	-0.0309

Pricing as of: 8/23 5:59PM EST

## Recent Housing Data

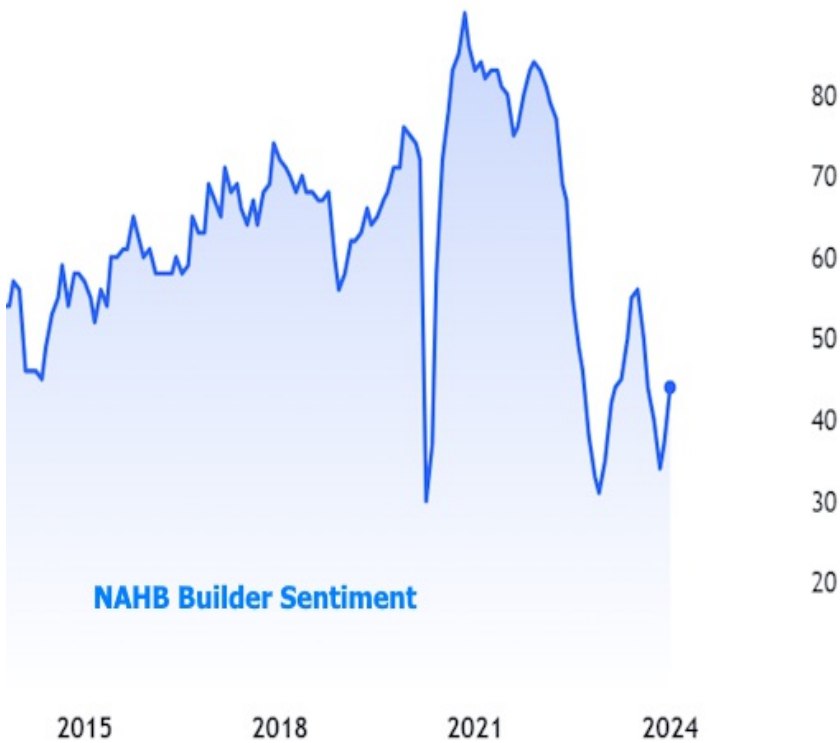
		Value	Change
Mortgage Apps	Aug 14	251.3	+16.83%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%



Bottom line on rates: they really are at the highest levels in more than a month!

The silver lining is that rates are still more than a percent lower than they were at the most recent highs back in October. The bond market is experiencing a bit of a correction after the fast-paced improvements at the end of 2023. It has been gentle so far, especially considering that we haven't seen any economic data that makes a strong case for additional gains.

There are a few silver linings in the housing data as well, but mostly for new homes and construction. NAHB reported a decent uptick in builder sentiment via its Housing Market Index (HMI).



Construction and new homes continue to carry a bigger-than-normal share of housing market activity. This week's release of December building permit data shows more of the same slow, steady grind.



Contrast that to Existing Home Sales (also reported this week for the month of December) which came in at the lowest levels since 2010.



At the very least, the housing market is showing signs that it's receptive to the recent improvement in rates. This is best seen in more timely data series like mortgage applications, where both refi and purchase apps moved back up this week.



In the week ahead, we'll get additional housing market data in the form of New Home Sales on Thursday and Pending Home Sales on Friday. While this may be interesting to the housing market, it's not the data the Fed is most concerned with when it comes to calibrating the trajectory of the Fed Funds Rate in 2024. Unfortunately, we won't get any such reports before the next Fed announcement on January 31st. Rate volatility could increase quickly after that with the following week bringing several important reports.

It's important to separate hope from reality when considering rates in 2024. Yes, there has been a huge recovery since October, but it would not have been as big had it not begun from the highest levels in decades. Yes, it is entirely possible that rates could move quite a bit lower this year, but that won't happen if economic growth and inflation manage to stay elevated. It's been said so many times in the past year, but it bears repeating: the path of rates really is "data dependent," and if it seems like all we do anymore is wait for the biggest pieces of data to find out what the next big move will be, that's because that's the way it is!

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## Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Tuesday, Jan 16</b>				
8:30AM	Jan NY Fed Manufacturing	-43.7	-5	-14.5
<b>Wednesday, Jan 17</b>				
7:00AM	Jan/12 MBA Refi Index	471.2		425.4
7:00AM	Jan/12 MBA Purchase Index			148.6
8:30AM	Dec Retail Sales (%)	0.6%	0.4%	0.3%
9:15AM	Dec Industrial Production (%)	0.1%	0%	0.2%
10:00AM	Jan NAHB housing market indx	44	39	37
10:00AM	Nov Business Inventories (%)	-0.1%	-0.1%	-0.1%
<b>Thursday, Jan 18</b>				
8:30AM	Dec Building permits: number (ml)			
8:30AM	Jan Philly Fed Business Index	-10.6	-7	-10.5
8:30AM	Jan/13 Jobless Claims (k)	187K	207K	202K
8:30AM	Dec Housing starts number mm (ml)	1.46M	1.426M	1.56M
<b>Friday, Jan 19</b>				
10:00AM	Jan Consumer Sentiment (ip)	78.8	70	69.7
10:00AM	Dec Existing home sales (ml)	3.78M	3.82M	3.82M
10:00AM	Jan Sentiment: 1y Inflation (%)	2.9%		3.1%
10:00AM	Jan Sentiment: 5y Inflation (%)	2.8%		2.9%
<b>Wednesday, Jan 24</b>				
7:00AM	Jan/19 MBA Refi Index	438.4		471.2
7:00AM	Jan/19 MBA Purchase Index	174.3		162.2
9:45AM	Jan S&P Global Manuf. PMI	50.3	47.9	47.9
9:45AM	Jan S&P Global Services PMI	52.9	51	51.4
<b>Thursday, Jan 25</b>				
8:30AM	Dec Durable goods (%)	0%	1.1%	5.4%
8:30AM	Q4 GDP (%)	3.3%	2%	4.9%
8:30AM	Jan/20 Jobless Claims (k)	214K	200K	187K
8:30AM	Dec Wholesale inventories mm (%)	0.4%		-0.2%

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
10:00AM	Dec New Home Sales (ml)	0.664M	0.645M	0.59M
<b>Friday, Jan 26</b>				
8:30AM	Dec Core PCE Inflation (y/y) (%)	2.9%	3%	3.2%
8:30AM	Dec Core PCE (m/m) (%)	0.2%	0.2%	0.1%
10:00AM	Dec Pending Home Sales (%)	8.3%	1.5%	0%

## National Association of Realtors - New Rules & Open Houses

New rules stemming from the National Association of Realtors' commission lawsuit settlement went into effect Saturday following years of litigation, potentially upending the industry, including how agents get paid.

This week, I have been hearing from agents, brokers, MLS executives, portals and other insiders as the rules roll out.

**COMMISSION QUESTIONS:** In the wake of NAR's new settlement rules, many buyer's agents are suddenly confronting a new question: What commission should they ask for in their buyers' broker representation agreements?

Here are a few responses found in a real estate master-mind group:

"I'm asking the buyer to pay my rate but advising them the seller may be offering something towards that," one agent responded. "If that's the case they only have to pay what's left."

"Sit down with your buyer and a trusted loan officer" another suggested. "Have the loan officer complete the various costs including your compensation and without any compensation (seller contributes). Once the buyer sees how much they have to come up with, they can make a decision. Then you make yours."

Some commenters also said that their brokers are making recommendations.

"This thread is illegal," one commenter argued, echoing a number of other remarks. "It is price fixing and the whole reason the U.S. Department of Justice got involved. Commission/Concessions should only be discussed between the agent and his/her client, never among agents."

The debate highlights the fact that many practical issues stemming from the settlement are yet to be worked out – and that additional litigation is top of mind for many real estate professionals,

**OPEN HOUSE, OPEN QUESTION:** Among the real estate professionals watching how the settlement changes unfolded this weekend was Randy Bell of Life Realty – The District in Henderson, NV who told me that "Buyers appear to be leery about signing short-term agreements and may favor open houses over individual tours until they're at ease with the rule." He went on to state "It'll be very interesting to see whether open house traffic increases, which I expect it will once buyers understand they don't have the same friction with agreements by going directly to open houses,"

One stat I'm going to be looking at is the number of open houses relative to active listings. I'll have numbers for you in the weeks to come. ...More to follow in future Newsletters.

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

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