

Bill Hills | Jumbo Specialist

Senior Originator, Interconnect Mortgage NMLS #843018 5220 Hood Rd, Ste 110 Palm Beach Gardens, FL 33418

The Dots Put an Exclamation Point on Record-Breaking Drop in Rates

We came into this week expecting the Fed's Dot Plot to set the tone, or at least to create a good amount of movement in rates, and that's exactly what happened.

The dot plot refers to a chart that appears 4 times a year in economic projections released by the Fed. Projections are not the same as predictions, but the dots still provide the market with valuable insight as to how the Fed will change short term interest rates if the economy evolves as expected.

Specifically, the Fed sees job growth generally moderating and inflation gradually falling toward target levels. The dots essentially say "if that stuff keeps happening in the same way it has been happening, here's where we expect the Fed Funds rate to be."

The last dot plot came out with the September Fed meeting. It showed the median rate staying about 0.50% higher than the previous dot plot in June. Rates didn't love that. With support from resilient economic data, the dots were a catalyst for a push up to the highest interest rates in decades by the end of October.

Heading into this week's dot plot, we knew things would look better for rates based on recent Fed speeches and more moderate economic data over the past 2 months, but we didn't know how much better. Here's exactly how things changed for the "end of 2024" time frame most scrutinized by market participants: Mobile: 847-830-2312 billhills@interconnectmortgage.com View My Website

Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.15	+0.07
MBS GNMA 6.0	101.03	+0.01
10 YR Treasury	4.4767	-0.0123
30 YR Treasury	4.6240	-0.0107
Pricing as of: 5/14 7:09AM EST		

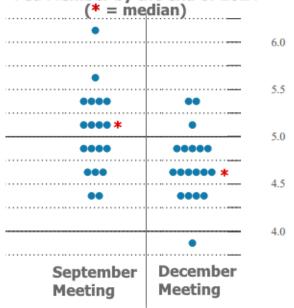
Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
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%

© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

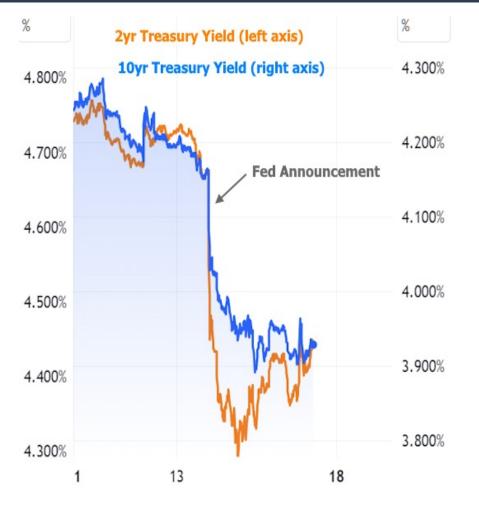
Fed Funds Rate Projections For Each Fed Member by the end of 2024



The median Fed member now sees the Fed Funds Rate at 4.625% by the end of 2024 as opposed to the 5.125% conveyed in September's dot plot. This was clearly better news than the market was expecting because here's what rates did when it came out:

© 2024 MBS Live, LLC. - This newsletter is a service of <u>MarketNewsletters.com</u>.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

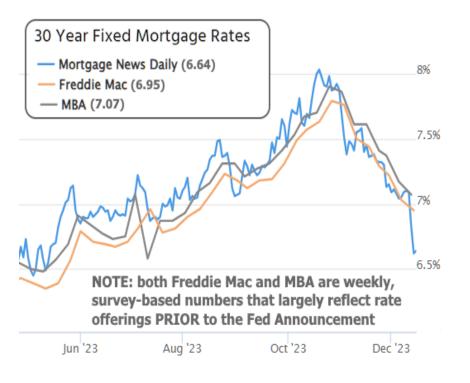


2yr Treasury yields have more in common with near-term Fed Funds Rate expectations while 10yr yields move more like mortgage rates. Speaking of mortgage rates, they had quite a week, although you'd only know it by looking at actual daily averages such as the Mortgage News Daily index as opposed to weekly surveys that don't yet reflect the huge drop in the 2nd half of the week.

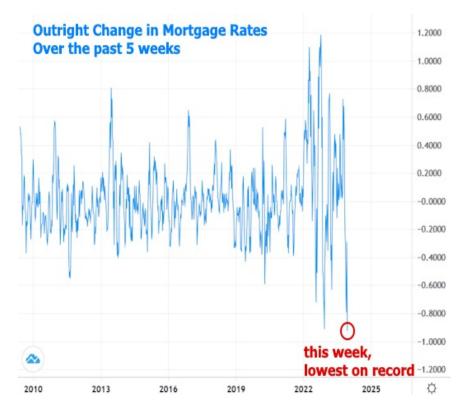
© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/billhills



While Freddie Mac's rate index fell by bigger amounts in the 1980s on a few occasions, this is the biggest 5 week drop on record for the MND index. The following chart shows the 5-week change in rates. In other words, the drop that began in November is the biggest we've seen in decades, even if only slightly bigger than the drop seen last year.



© 2024 MBS Live, LLC. - This newsletter is a service of MarketNewsletters.com.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: <u>http://mortgageratesupdate.com/billhills</u>

In addition to the dot plot, Fed Chair Powell mentioned that the Fed had begun to discuss rate cuts. It's important to keep in mind that Powell has also been clear that the Fed could actually hike rates again if inflation were to pick back up. He's also been clear in saying that inflation would need to keep moving lower in order to make rate cuts a reality. As far as this week's Consumer Price Index (CPI) data was concerned, we're on the path, but still far from the destination.



We won't get CPI again until the new year. Moreover, we won't get much by way of other relevant economic data before then either. Combine that with the typical decline in trader participation in late December and it's not unfair to say the jury is pretty much out for the next few weeks. Rates may ebb and flow a bit, but the important decisions are on hold until bigticket data and more robust participation return after the holiday break.

Subscribe to my newsletter online at: http://mortgageratesupdate.com/billhills

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Dec 11				
11:30AM	3-Yr Note Auction (bl)	50		
Tuesday, Dec 12				
8:30AM	Nov y/y CORE CPI (%)	4%	4%	4%
8:30AM	Nov m/m CORE CPI (%)	0.3%	0.3%	0.2%





© 2024 MBS Live, LLC. - This newsletter is a service of <u>MarketNewsletters.com</u>.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: http://mortgageratesupdate.com/billhills

7:00AM Dec/08 MBA Refi Index 445.8 373.3 8:30AM Nov Core Producer Prices MM (%) 0% 0.2% 0.9 8:30AM Nov Core Producer Prices YY (%) 2% 2.4% 2.4% 2:00PM Fed Interest Rate Decision 5.5% 5.5% 5.5% 2:00PM Fed Press Conference Image: Solad M 5.5% 5.5% 8:30AM Nov Import prices mm (%) -0.4% -0.8% -0.8% 8:30AM Nov Industrial Sales (%) 0.03% -0.1% -0.1% 8:30AM Dec NY Fed Manufacturing -14.5 2 9. 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.4 10:00AM Dec NAHB housing market	Date	Event	Actual	Forecast	Prior
7:00AM Dec/08 MBA Refi Index 445.8 373.3 8:30AM Nov Core Producer Prices MM (%) 0% 0.2% 0.9 8:30AM Nov Core Producer Prices YY (%) 2% 2.2% 2.49 2:00PM Fed Interest Rate Decision 5.5% 5.5% 5.5% 2:30PM Fed Press Conference 1 1 1 1 8:30AM Nov Import prices mm (%) -0.4% -0.8% -0.8% 8:30AM Dec/09 Jobless Claims (k) 202K 220K 220K 8:30AM Nov Retail Sales (%) 0.3% -0.1% -0.1% 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.4 10:00AM Dec NAHB housing market	Wednesda	ay, Dec 13		I	
8:30AM Nov Core Producer Prices MM (%) 0% 0.2% 09 8:30AM Nov Core Producer Prices YY (%) 2% 2.49 2.49 2:00PM Fed Interest Rate Decision 5.5% 5.59 2.59 2:00PM FoMC Economic Projections - - - 2:30PM Fed Press Conference - - - 8:30AM Nov Import prices mm (%) -0.4% -0.8% -0.8% 8:30AM Dec/09 Jobless Claims (k) 202K 220K 220I 8:30AM Dec/09 Jobless Claims (k) 203K -0.1% -0.1% Friday, Dec 5 -0.1% -0.1% -0.1% 8:30AM Dec NY Fed Manufacturing -14.5 2 9. 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.69 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.4 Monday, U E 1.372 M 1.372 M 10:00AM Dec NAHB housing market indx 37 36 <td< td=""><td>7:00AM</td><td>Dec/08 MBA Purchase Index</td><td>149.6</td><td></td><td>144.5</td></td<>	7:00AM	Dec/08 MBA Purchase Index	149.6		144.5
8:30AM Nov Core Producer Prices YY (%) 2% 2.2% 2.49 2:00PM Fed Interest Rate Decision 5.5% 5.5% 5.5% 2:00PM FOMC Economic Projections - - - 2:30PM Fed Press Conference - - - 8:30AM Nov Import prices mm (%) -0.4% -0.8% -0.8% 8:30AM Dec/09 Jobless Claims (k) 202K 220K 220K 8:30AM Dec/09 Jobless Claims (k) 203K -0.1% -0.1% 8:30AM Nov Retail Sales (%) 0.3% -0.1% -0.1% 8:30AM Dec NY Fed Manufacturing -14.5 2 9. 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.69 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.4 Monday, Dec NAHB housing market indx 37 36 3.4 10:00AM Dec NAHB housing starts number mm (ml) 1.3 1.372M Wednesday, Dec 15 MBA Refi Index 1.4 <td< td=""><td>7:00AM</td><td>Dec/08 MBA Refi Index</td><td>445.8</td><td></td><td>373.3</td></td<>	7:00AM	Dec/08 MBA Refi Index	445.8		373.3
2:00PM Fed Interest Rate Decision 5.5% 5.5% 2:00PM FOMC Economic Projections 1 1 2:30PM Fed Press Conference 1 1 2:30PM Fed Press Conference 1 1 8:30AM Nov Import prices mm (%) -0.4% -0.8% -0.8% 8:30AM Dec/09 Jobless Claims (k) 202K 220K 220K 8:30AM Dec/09 Jobless Claims (k) 203K 201K -0.1% 8:30AM Dec/09 Jobless Claims (k) 0.3% -0.1% -0.1% 8:30AM Nov Retail Sales (%) 0.3% -0.1% -0.1% 8:30AM Dec NY Fed Manufacturing -14.5 2 9.1 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.4 10:00AM Dec NAHB housing market indx 37 36 3.4 10:00AM Dec/15 MBA Refi Index 37 36 3.4 7:00AM	8:30AM	Nov Core Producer Prices MM (%)	0%	0.2%	0%
2:00PM FOMC Economic Projections Image: Solution of the second production of the second p	8:30AM	Nov Core Producer Prices YY (%)	2%	2.2%	2.4%
2:30PM Fed Press Conference Image: Conferenc Image: Conference Im	2:00PM	Fed Interest Rate Decision	5.5%	5.5%	5.5%
Thursday, Dec 14 Image: Constraint of the state of the s	2:00PM	FOMC Economic Projections			
8:30AM Nov Import prices mm (%) -0.4% -0.8% -0.8% 8:30AM Dec/09 Jobless Claims (k) 202K 220K 220R 8:30AM Nov Retail Sales (%) 0.3% -0.1% 2018 8:30AM Nov Retail Sales (%) 0.3% -0.1% -0.1% Friday, Dec 15 5 5 2 9 8:30AM Dec NY Fed Manufacturing -14.5 2 9 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.69 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.4 Monday, Dec 18 10:00AM Dec NAHB housing market indx 37 36 34 10:00AM Dec NAHB housing starts number mm (ml) 1.372M 1.372M 8:30AM Nov Housing starts number mm (ml) 1.372M 1.372M 7:00AM Dec/15 MBA Refi Index 1.48.7 1.49.4 7:00AM Dec/15 MBA Purchase Index 148.7 1.49.4 10:00AM Nov Existing home sales (ml) 3.82M 3.77M </td <td>2:30PM</td> <td>Fed Press Conference</td> <td></td> <td></td> <td></td>	2:30PM	Fed Press Conference			
8:30AM Dec/09 Jobless Claims (k) 202K 220K 220K <t< td=""><td>Thursday,</td><td>Dec 14</td><td></td><td></td><td></td></t<>	Thursday,	Dec 14			
8:30AM Nov Retail Sales (%) 0.3% -0.1% -0.1% Friday, Dec I5 8:30AM Dec NY Fed Manufacturing -14.5 2 9.1 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:15AM Dec S&P Global Services PMI 51.3 50.6 50.8 9:45AM Dec S&P Global Services PMI 31 50.6 50.8 Monday, Dec S&P Global Services PMI 313 50.6 50.8 Monday, Dec NAHB housing market indx 37 36 34 Tuesday, Dec 19 11.372M 11.372M 8:30AM Nov Housing starts number mm (ml) 1.3 1.372M Wednesday, Dec 20 11.372M 11.372M 7:00AM Dec/15 MBA Refi Index 148.7 149.4 10:00AM Nov Existing home sales (ml) 3.82M 3.77M 3.79M	8:30AM	Nov Import prices mm (%)	-0.4%	-0.8%	-0.8%
Friday, Dec 15 8:30AM Dec NY Fed Manufacturing -14.5 2 9.3 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.3% Monday, Dec S&P Global Services PMI 51.3 50.6 50.4% 10:00AM Dec NAHB housing market indx 37 36 34 Tuesday, Dec 19 1.372M 1.372M 8:30AM Nov Housing starts number mm (ml) 1 1.372M Wednesday, Dec 20 1.372M 1.372M 1.372M 7:00AM Dec/15 MBA Refi Index 148.7 149.4 10:00AM Nov Existing home sales (ml) 3.82M 3.77M	8:30AM	Dec/09 Jobless Claims (k)	202K	220K	220K
8:30AM Dec NY Fed Manufacturing -14.5 2 9.1 9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.8 Monday, Dec S&P Global Services PMI 51.3 50.6 50.8 Monday, Dec 18 10:00AM Dec NAHB housing market indx 37 36 34 10:00AM Dec NAHB housing starts number mm (ml) 1.372M 1.372M 8:30AM Nov Housing starts number mm (ml) 1.372M 1.372M Wednesday, Dec 20 7:00AM Dec/15 MBA Refi Index 148.7 149.4 7:00AM Dec/15 MBA Purchase Index 148.7 149.4 10:00AM Nov Existing home sales (ml) 3.82M 3.77M 3.79M	8:30AM	Nov Retail Sales (%)	0.3%	-0.1%	-0.1%
9:15AM Nov Industrial Production (%) 0.2% 0.3% -0.6% 9:45AM Dec S&P Global Services PMI 51.3 50.6 50.3 Monday, Dec 18 Interstand 37 36 34 10:00AM Dec NAHB housing market indx 37 36 34 Tuesday, Dec 19 Interstand 37 36 34 8:30AM Nov Housing starts number mm (ml) 1.372M 1.372M Wednesday, Dec 20 Interstand 148.7 149.6 7:00AM Dec/15 MBA Refi Index 148.7 149.6 10:00AM Nov Existing home sales (ml) 3.82M 3.77M 3.79M	Friday, De	c 15		I	
9:45AM Dec S&P Global Services PMI 51.3 50.6 50.8 Monday, Dec 18	8:30AM	Dec NY Fed Manufacturing	-14.5	2	9.1
Monday, Dec 1810:00AMDec NAHB housing market indx373634Tuesday, Dec 198:30AMNov Housing starts number mm (ml)1.372NWednesday, Dec 207:00AMDec/15 MBA Refi Index148.7149.47:00AMDec/15 MBA Purchase Index148.7149.410:00AMNov Existing home sales (ml)3.82M3.77M3.79N	9:15AM	Nov Industrial Production (%)	0.2%	0.3%	-0.6%
10:00AMDec NAHB housing market indx373634Tuesday, Dec 198:30AMNov Housing starts number mm (ml)1.372NWednesday, Dec 207:00AMDec/15 MBA Refi Index17:00AMDec/15 MBA Refi Index148.710:00AMNov Existing home sales (ml)3.82M3.77M	9:45AM	Dec S&P Global Services PMI	51.3	50.6	50.8
Tuesday, Dec 198:30AMNov Housing starts number mm (ml)1.372 MWednesday, Dec 207:00AMDec/15 MBA Refi Index17:00AMDec/15 MBA Purchase Index148.710:00AMNov Existing home sales (ml)3.82 M3.77 M	Monday, E	Dec 18	1		
8:30AMNov Housing starts number mm (ml)1.372NWednesday, Dec 201.372N7:00AMDec/15 MBA Refi Index17:00AMDec/15 MBA Purchase Index148.710:00AMNov Existing home sales (ml)3.82M3.77M	10:00AM	Dec NAHB housing market indx	37	36	34
Wednesday, Dec 20Image: Constraint of the second secon	Tuesday, D	Dec 19		ļ	
Wednesday, Dec 20Image: Constraint of the second secon	8:30AM	Nov Housing starts number mm (ml)			1.372M
7:00AM Dec/15 MBA Purchase Index 148.7 149.0 10:00AM Nov Existing home sales (ml) 3.82M 3.77M 3.79N				ļ	
10:00AM Nov Existing home sales (ml) 3.82M 3.77M 3.79N	7:00AM	Dec/15 MBA Refi Index			
	7:00AM	Dec/15 MBA Purchase Index	148.7		149.6
Thursday, Dec 21	10:00AM	Nov Existing home sales (ml)	3.82M	3.77M	3.79M
	Thursday,	Dec 21		I	
8:30AM Dec Philly Fed Business Index -10.5 -3 -5.0	8:30AM	Dec Philly Fed Business Index	-10.5	-3	-5.9
8:30AM Q3 GDP (%) 4.9% 5.2% 2.19	8:30AM	Q3 GDP (%)	4.9%	5.2%	2.1%
8:30AM Dec/16 Jobless Claims (k) 205K 215K 202I	8:30AM	Dec/16 Jobless Claims (k)	205K	215K	202K
Friday, Dec 22	Friday, De	c 22			
7:30AM Nov Building permits: number (ml) 1.467M 1.498N	7:30AM	Nov Building permits: number (ml)	1.467M		1.498M
			0.1%	0.2%	0.2%
			3.2%	3.3%	3.5%
8:30AM Nov Durable goods (%) 5.4% 2.2% -5.49	8:30AM	Nov Durable goods (%)	5.4%	2.2%	-5.4%
10:00AM Nov New Home Sales (ml) 0.59M 0.685M 0.679N	10:00AM	Nov New Home Sales (ml)	0.59M	0.685M	0.679M
10:00AM Dec U Mich conditions 73.3 74 68.3	10:00AM	Dec U Mich conditions	73.3	74	68.3
10:00AM Dec Consumer Sentiment (ip) 69.7 69.4 61.3	10:00AM	Dec Consumer Sentiment (ip)	69.7	69.4	61.3
2:00PM Christmas Early Close	2:00PM	Christmas Early Close			
Wednesday, Jan 10	Wednesda	ay, Jan 10			
1:00PM 10-yr Note Auction (bl) 37	1:00PM	10-yr Note Auction (bl)	37		

© 2024 MBS Live, LLC. - This newsletter is a service of <u>MarketNewsletters.com</u>.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: <u>http://mortgageratesupdate.com/billhills</u>

Date	Event	Actual	Forecast	Prior
Thursday,	Jan 11			
1:00PM	30-Yr Bond Auction (bl)	21		
Wednesday, Jan 17				
1:00PM	20-Yr Bond Auction (bl)	13		

© 2024 MBS Live, LLC. - This newsletter is a service of <u>MarketNewsletters.com</u>.

The interest rates provided in this newsletter are national averages from independent data sources. Rate/APR terms may differ from those listed above based on the creditworthiness of the borrower. All information provided "as is" for informational purposes only, not intended for trading purposes or financial advice.

Read or subscribe to my newsletter online at: <u>http://mortgageratesupdate.com/billhills</u>