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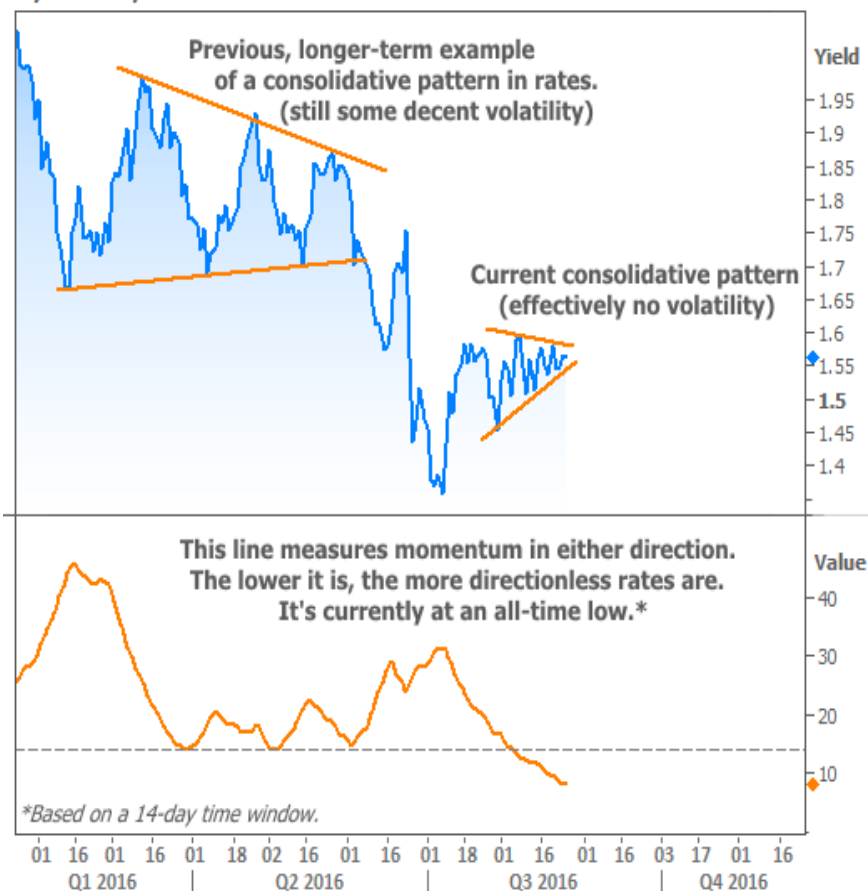
Action-Packed Week For Housing and Mortgage Markets

Last week's newsletter posed the question: what will it take to break the holding pattern in housing and markets? Now, this week's data has provided a **wide array** of answers.

Interest rates, however, continue abstaining from any such answer. In fact, by some measures, rates have **never been less volatile** than they are right now.

The following chart shows the current pattern of consolidation in 10yr Treasury yields (a good proxy for all longer-term US interest rates, like mortgages), as well as the longer-term consolidation earlier this year.

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	+0.10
MBS GNMA 5.5	99.91	+0.13
10 YR Treasury	4.2320	-0.0205
30 YR Treasury	4.4542	-0.0183

Pricing as of: 7/23 8:57AM EST

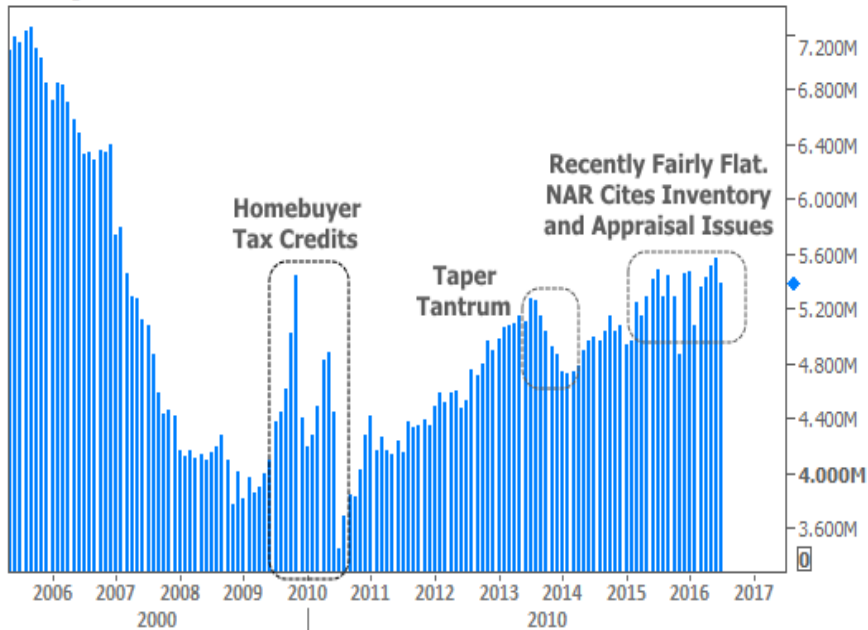
Recent Housing Data

		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%

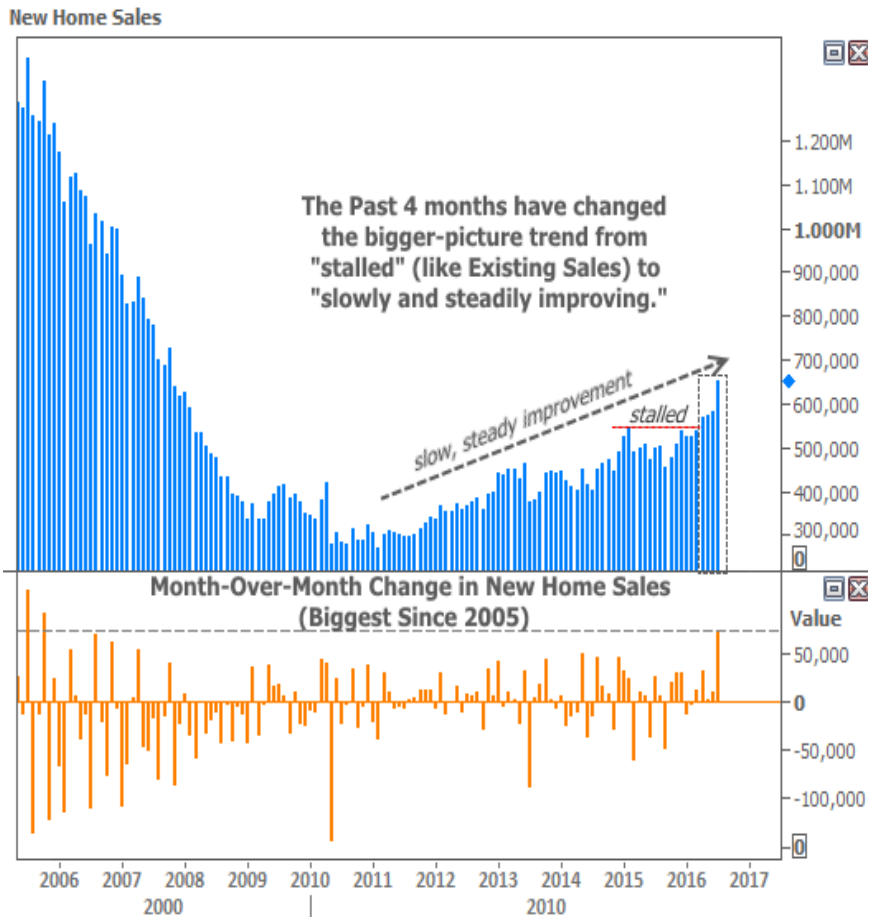
These instances of consolidation are typically followed by a period of higher momentum. You can see how the early-2016 example resulted in higher momentum toward **lower** rates. But it's important to understand that the momentum can happen in **either** direction. Given that we're running out of room in the current consolidative pattern, the next move could be happening very soon.

Rates aren't the only thing that's been consolidating in a narrow range. Data out this week shows that **Existing Home Sales** continue to operate in the same general range that's dominated the past 2 years. But unlike rates, the details here are **quite interesting**. Specifically, the National Association of Realtors cites **increasingly severe appraisal issues**, saying they're responsible for more than a quarter of contract delays in the past 3 months.

Existing Home Sales



Appraisals are less of an issue when it comes to New Home Sales, and it shows in [this week's report from the Census Bureau](#). Granted, New Homes fell harder during the Great Recession and consequently have more room to grow, but the trend is positive nonetheless. In fact, July's sales increased at the **fastest pace in more than 10 years!**



There are a few caveats, depending on your point of view. Critics often point out that this data series has a notoriously wide margin of error. But even so, it would take a massive revision to alter the positive trend seen in the chart. In separate news, the National Association of Home Builders (NAHB) [pointed out](#) a noticeable increase in the amount of homes being **built specifically as rentals**. Some would argue that's not a good thing for the long-term growth outlook for the housing market.

Adding yet another layer of complexity to the housing outlook, the FHFA (which oversees Fannie and Freddie) said this week that it sees a **"potentially significant shift"** in [home price trends](#). While FHFA's home price index still shows year-over-year growth of 5.6 percent, it notes that month-over-month appreciation has been much smaller recently.

On a mortgage-specific note, the FHFA balanced things out with some **upbeat** news. The longstanding [HARP program will be extended](#) through September 2017, at which point it will evolve into a new high-LTV program. The most important feature of the new program will be an **absence** of cut-off dates, which previously prevented many potential borrowers from taking advantage of HARP.

The week ahead brings a slew of important data, including the big jobs report on Friday. At the same time, investors will be digesting and reacting to the much-anticipated comments from Fed Chair Yellen at the Jackson Hole symposium. We'll discuss all of the above in next week's newsletter.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Aug 23				

Event Importance:

No Stars = Insignificant
 ☆ Low

Date	Event	Actual	Forecast	Prior
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				
7:00AM	w/e Mortgage Market Index	530.1		541.5
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
8:30AM	w/e Initial Jobless Claims (k)	261	265	262
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
Monday, Aug 29				
8:30AM	Jul Personal income mm (%)	+0.4	0.4	0.2
8:30AM	Jul Consumption, adjusted mm (%)	+0.3	0.3	0.4
8:30AM	Jul Core PCE price index yy (%)	+1.6		1.6
Tuesday, Aug 30				
10:00AM	Aug Consumer confidence	101.1	97.0	97.3
Wednesday, Aug 31				
8:15AM	Aug ADP National Employment (k)	177.0	175	179
9:45AM	Aug Chicago PMI	51.5	54.0	55.8
10:00AM	Jul Pending homes index	111.3		111.0
Thursday, Sep 01				
8:30AM	Q2 Productivity Revised (%)	-0.6	-0.6	-0.5
8:30AM	Q2 Labor Costs Revised (%)	+4.3	2.1	2.0
10:00AM	Aug ISM Manufacturing PMI	49.4	52.0	52.6
10:00AM	Jul Construction spending (%)	0.0	0.5	-0.6
Friday, Sep 02				
8:30AM	Aug Non-farm payrolls (k)	+151	180	255
8:30AM	Aug Unemployment rate mm (%)	4.9	4.8	4.9
9:45AM	Aug ISM-New York index	719.9		721.1
10:00AM	Jul Factory orders mm (%)	+1.9	2.0	-1.5

- ★ Moderate
- ★★ Important
- ★★★ Very Important

We're here to help with all home mortgage needs.

With over 20 years of mortgage industry experience, Scott Kepler has helped thousands of families to purchase or refinance their homes. As a Mortgage Lender, Scott and his team are able to give families access to a variety of home loan options; after all, no two situations are the same.

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First Time Home Buyer

Conventional (Fannie Mae/Freddie Mac)

FHA

VA

USDA

Jumbo

Reverse

Renovation

Self Employed

Home Equity Loans/Lines of Credit

Credit Challenged / Alt-A

Investor or Second Home

Hard Money

Small Commercial

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