



Scott Kepler

Principal Broker, Mortgage Approval Group, LLC
 NMLS 833792 Company NMLS# 1742769
 2918 Busch Lake Blvd, Suite A Tampa, FL 33614

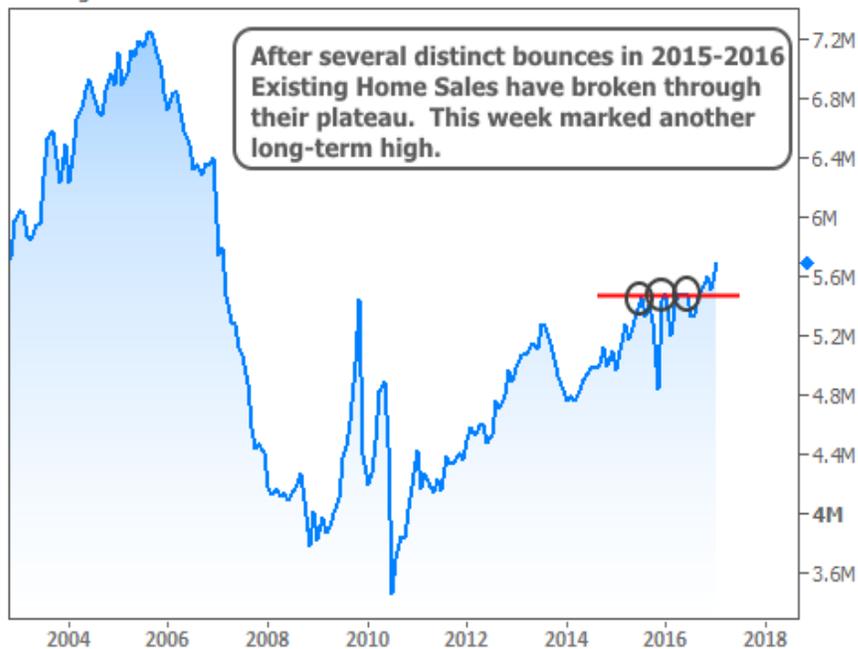
Office: 813.444.8537
 Mobile: 813.565.0884
 Fax: 813.200.1116
scott@scottkepler.com
[View My Website](#)

Housing Market Resilience Defying The Odds

Given an ongoing plateau in home sales figures in 2015-2016, many housing economists thought the late 2016 rate spike would cement a slow-down for the housing market. Although purchase applications definitely took a hit at first, sales metrics have come roaring back.

Nowhere has this been more apparent than in Existing Home Sales, which hit another near-decade-long high this week. Granted, we haven't returned to 2004-2006 levels, but some would say that's a good thing as the current annual pace of 5.69 mln homes is more sustainable.

Existing Home Sales



New Home Sales haven't hit new highs for several months, but the positive trend remains very much intact. They improved this week to an annual pace of 555k vs 535k previously.

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	99.39	-0.01
MBS GNMA 5.5	99.78	+0.00
10 YR Treasury	4.2286	-0.0239
30 YR Treasury	4.4482	-0.0243

Pricing as of: 7/23 7:02AM EST

Recent Housing Data

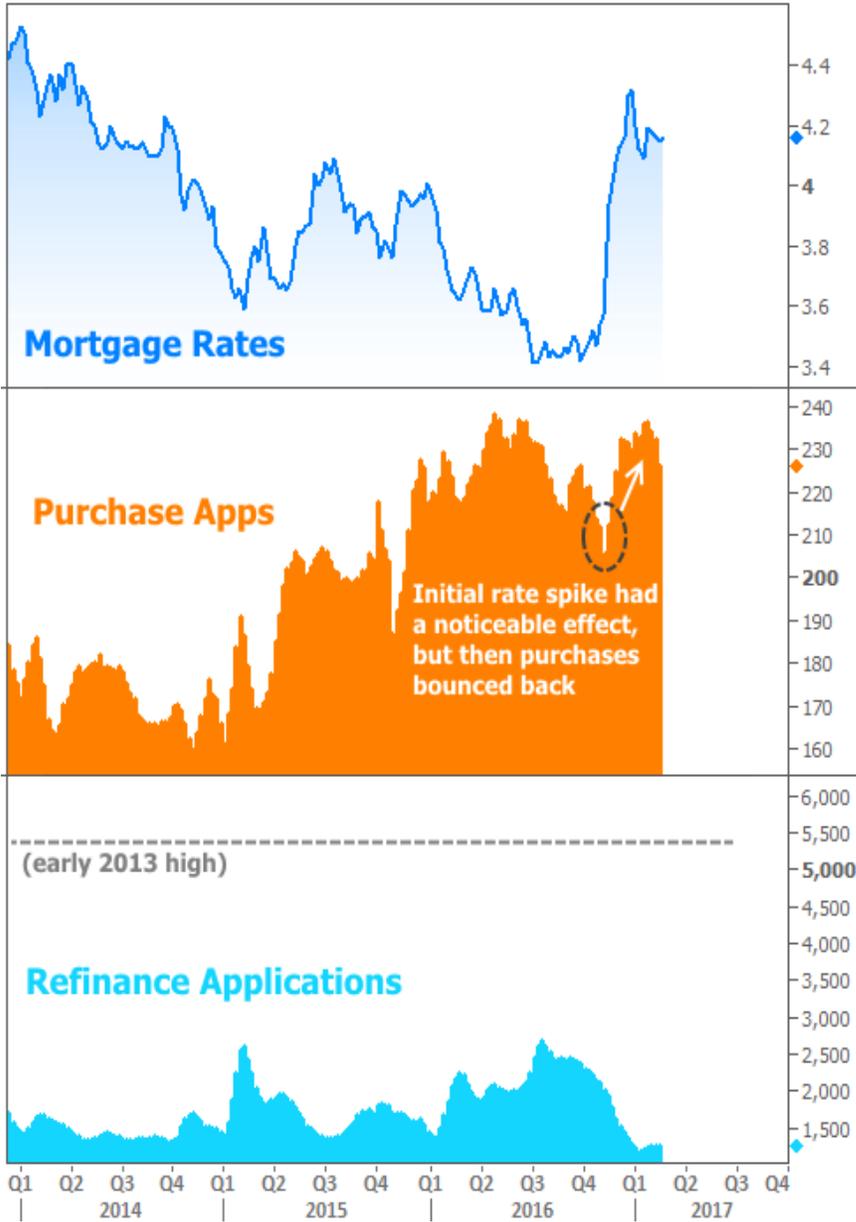
		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

New Home Sales

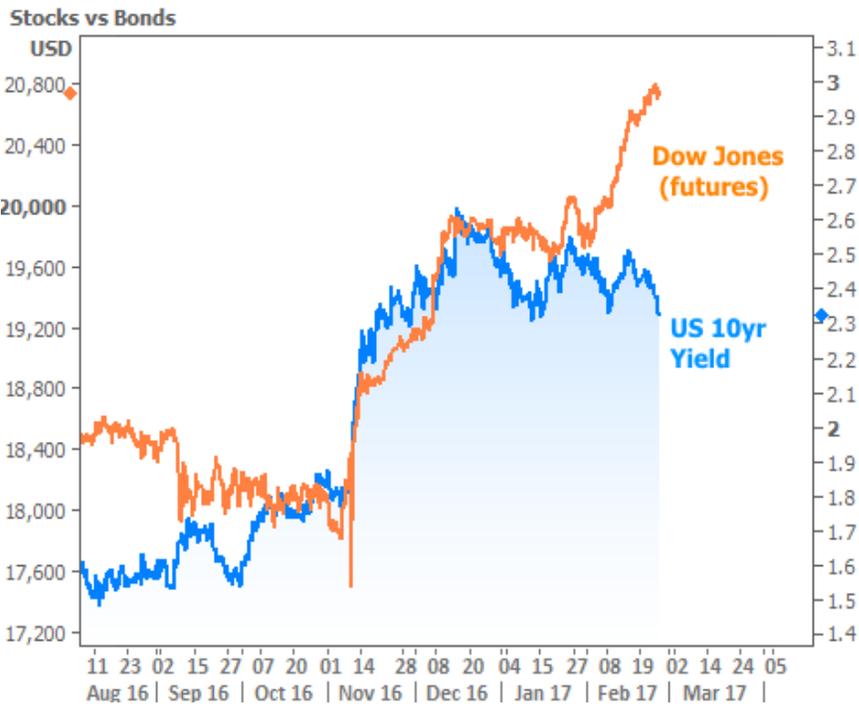


Perhaps just as heartening (or disheartening, depending on your position) is the current level of **price appreciation** seen in home sales figures as well as dedicated home price reports. Median prices in January rose **7.1 percent** for existing homes and **7.4 percent** for New Homes. In [separate data](#), the FHFA (which oversees Fannie and Freddie) reported a 6.2 percent annual rate of appreciation at the end of 2016, citing tight inventory as a key factor.

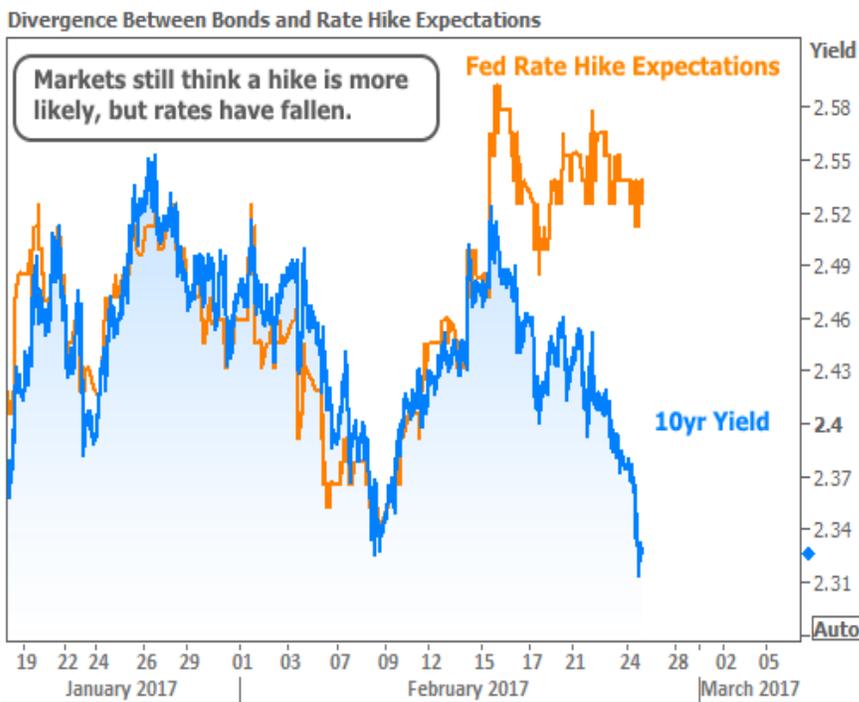
Forward-Looking indicators suggest the sales trends should remain in pretty good shape. While the Mortgage Bankers Association reported a [decline in applications](#) this week, **purchase apps** are still in pretty strong territory relative to the recent post-rate-spike lows. Refi applications have already taken the brunt of their expected damage and continue bouncing along their typical long-term lows.



If the resilience in housing metrics wasn't encouraging enough, this week also saw **emerging resilience in interest rates**--a phenomenon made all the more interesting by the fact that rates have diverged from other indicators like stocks. In the post-election time-frame, rates and stocks had generally been moving together until this month.

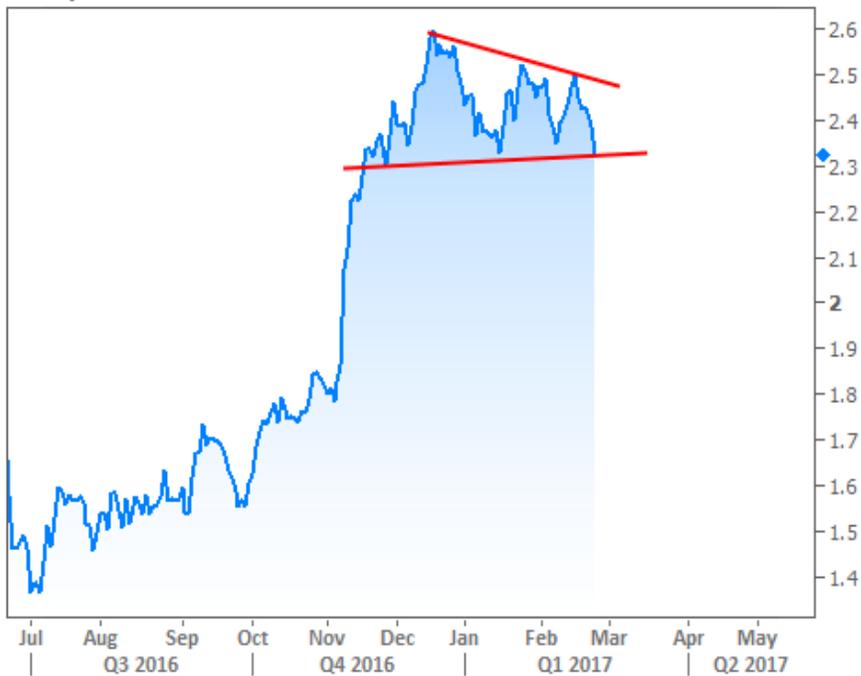


While it's tempting to chalk this divergence up to "earnings season" (something that occasionally accounts for stocks marching to their own beat), we have just as much evidence of rates marching to **their** own beat. Case in point, 10yr yields (a good proxy for mortgage rate momentum) have **broken away** from their strong correlation with Fed rate hike expectations.



What does this mean for you? Quite simply, rates are in a consolidation pattern. The highs are getting lower and the lows are holding steady. Such patterns are not uncommon after the sort of rate spike seen at the end of 2016. We'll explore the historical implications of a breakout as soon as it happens, but until then, it makes more sense to expect rates to bounce when they approach recent highs or lows.

US 10yr Yield



Next week brings a **hefty slate** of scheduled economic data and potential market-movers. Note that the big jobs report is postponed from its typical "first Friday of the month" time slot and will instead be out on Friday March 10th.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Feb 21				
1:00PM	2-Yr Note Auction (bl)	26		
Wednesday, Feb 22				
7:00AM	w/e Mortgage Market Index	371.5		379.0
10:00AM	Jan Existing home sales (ml)	5.69	5.54	5.49
1:00PM	5-Yr Note Auction (bl)	34		
Thursday, Feb 23				
8:30AM	w/e Initial Jobless Claims (k)	244	245	239
9:00AM	Dec Monthly Home Price yy (%)	6.2		6.1
9:00AM	Dec Monthly Home Price mm (%)	0.4		0.5
1:00PM	7-Yr Note Auction (bl)	28		
Friday, Feb 24				
10:00AM	Jan New home sales chg mm (%)	+3.7	6.3	-10.4
10:00AM	Feb U Mich Sentiment Final (ip)	96.3	96.0	95.7
Monday, Feb 27				
8:30AM	Jan Durable goods (%)	+1.8	1.8	-0.5

Event Importance:

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

Date	Event	Actual	Forecast	Prior
Tuesday, Feb 28				
8:30AM	Q4 GDP Prelim (%)	+1.9	2.1	1.9
9:00AM	Dec CaseShiller 20 yy (%)	+5.6	5.3	5.3
9:45AM	Feb Chicago PMI	57.4	53.0	50.3
10:00AM	Feb Consumer confidence	114.8	111.0	111.8
Wednesday, Mar 01				
7:00AM	w/e Mortgage Market Index	392.9		371.5
8:30AM	Jan Personal income mm (%)	+0.4	0.3	0.3
8:30AM	Jan Consumption, adjusted mm (%)	+0.2	0.3	0.5
8:30AM	Jan Core PCE price index yy (%)	+1.7		1.7
10:00AM	Feb ISM Manufacturing PMI	57.7	56.0	56.0
10:00AM	Jan Construction spending (%)	-1.0	0.6	-0.2
Thursday, Mar 02				
9:45AM	Feb ISM-New York index	731.9		731.3
Friday, Mar 03				
10:00AM	Feb ISM N-Mfg PMI	57.6	56.5	56.5
Wednesday, Apr 05				
2:00PM	FOMC Minutes			

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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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Conventional (Fannie Mae/Freddie Mac)

FHA

VA

USDA

Jumbo

Reverse

Renovation

Self Employed

Home Equity Loans/Lines of Credit

Credit Challenged / Alt-A

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