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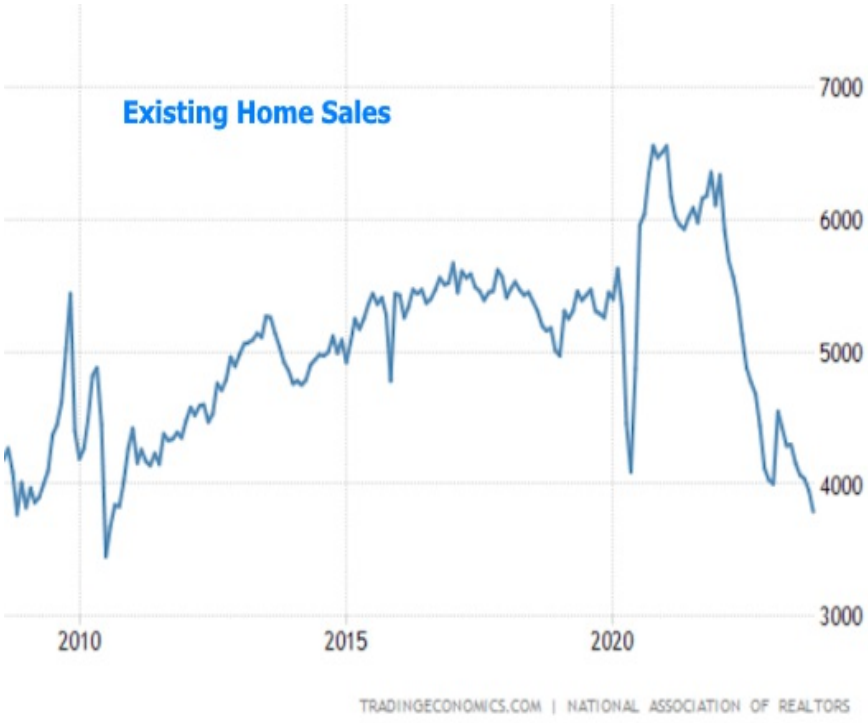
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Housing Market Thankful For Lower Rates But The True Test is in Early December

NOTE: this is an early version of the weekly newsletter that normally comes out on Friday. There will be no newsletter on Friday due to the Thanksgiving holiday.

Mortgage rates have fallen significantly in November. For the housing market, it couldn't come at a more critical time, but the road ahead remains uncertain--mostly due to timing.

Here's what we're up against in terms of home sales (includes the most recent monthly result released this week):



Keep in mind that the market for EXISTING homes has been under more pressure compared to NEW homes. Some would say this is due to builders being able to offer financing incentives big enough to help buyers overcome affordability issues created by the highest rates in decades. Others would say that it's hard to sell many existing homes if people aren't interested in listing them for sale. Neither are wrong.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.30%	+0.03	0.00
15YR Fixed	6.91%	-0.01	0.00
30YR FHA	6.95%	+0.04	0.00
30YR Jumbo	7.45%	-0.07	0.00
7/6 SOFR	6.71%	+0.01	0.00
30YR VA	6.97%	+0.05	0.00

Rates as of: 11/3

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.95	+0.20
10 YR Treasury	4.9502	-0.0201
30 YR Treasury	5.3308	-0.0010

Pricing as of: 11/4 10:29AM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

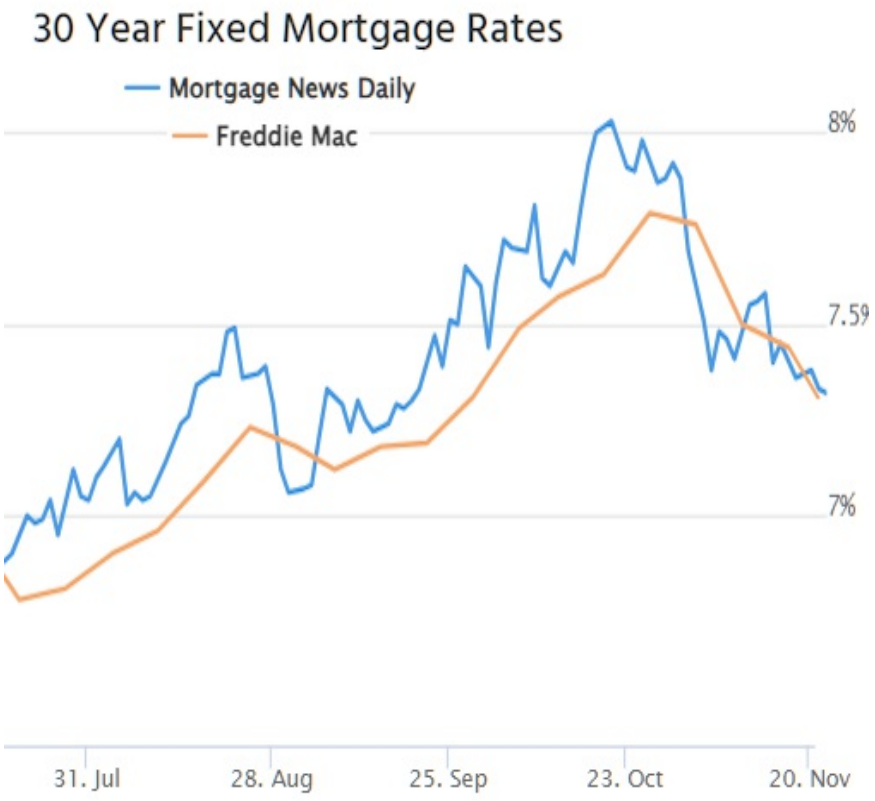
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About those "highest rates in decades"... that's not exactly the case thanks to the past 4 weeks of improvement.

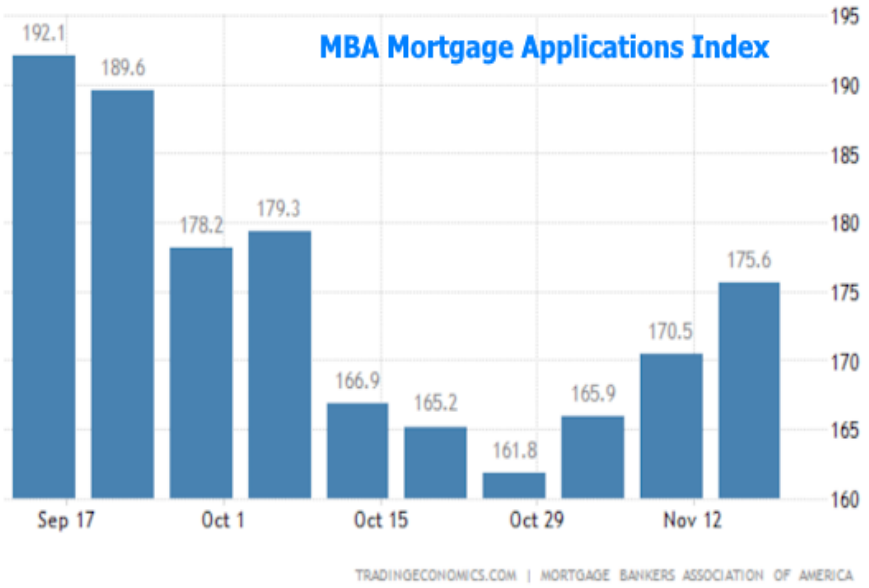


Mortgage applications are already acknowledging the shift.

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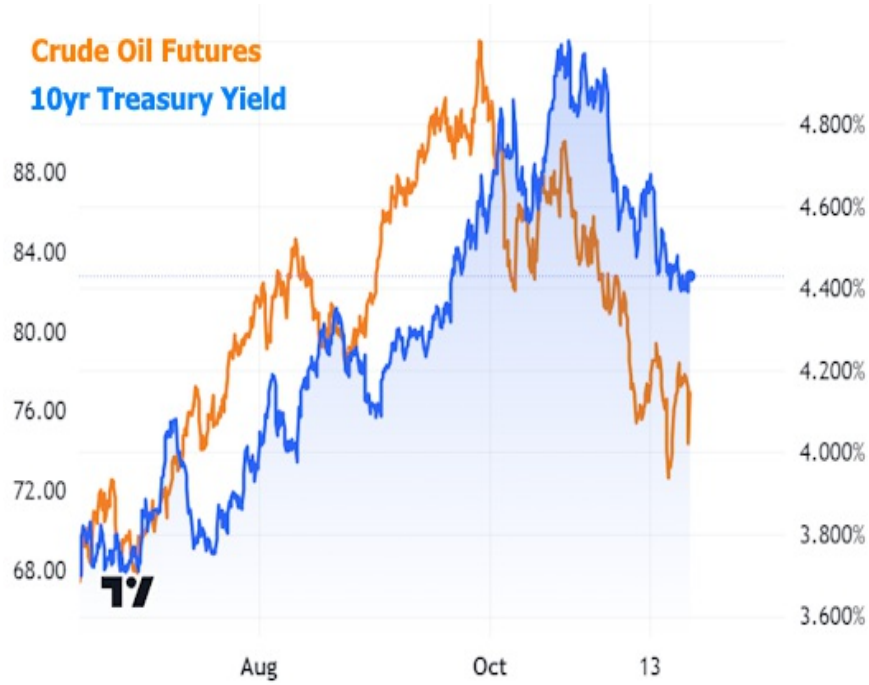
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The bigger drop earlier in the month was due to a mix of economic data and events that happened to arrive at the same time that the Fed confirmed its rate outlook wasn't quite as bad as it conveyed at the September meeting (here's a recap). Last week's inflation data helped confirm that shift.

Other advance indicators like energy prices are helping investors feel calmer about believing that inflation has a chance to keep moving back toward target levels.



All that having been said, it's important to remember how convincing some of the previous "false starts" have been.

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If we zoom in on the chart above (10yr yields are a good proxy for momentum in longer term rates like mortgages), we can see the inflection point around 4.38%. This acted as a ceiling before the September breakout and is now acting like a floor as the recent rate rally cools down.



Nothing about this line predicts the future. It is merely a milestone to be crossed, and it certainly will be crossed. Timing is the only uncertainty.

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Economic data and inflation have helped get us this far and the same factors will be critical in determining the next step. That said, not just any economic data will do. There are only a handful of top tier reports that markets rely on for validation of highly consequential decisions.

The last time we saw any such data was last Tuesday and Wednesday. It's no surprise that subsequent days have been less volatile by comparison. The next glimpse of similarly important data will be the first full week of December culminating in the next jobs report on Friday the 8th.

This isn't to say that the upcoming week has nothing to offer. Rather, it could only be viewed as an opening act for the big show coming up in the following week. As always, interest rates thrive on uncertainty and economic weakness. The weaker the labor market, the more certain it becomes that 10yr yields will be moving (and staying) below 4.38%--a milestone that suggests mortgage rates in the low 7% range.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Nov 21				
10:00AM	Oct Existing home sales (ml)	3.79M	3.9M	3.96M
Wednesday, Nov 22				
7:00AM	Nov/17 MBA Refi Index	359.9		354.3
7:00AM	Nov/17 MBA Purchase Index	138.4		133.2
8:30AM	Nov/18 Jobless Claims (k)	209K	225K	231K
8:30AM	Oct Durable goods (%)	-5.4%	-3.1%	4.7%
8:30AM	Nov/11 Continued Claims (ml)	1840K		1865K
10:00AM	Nov Consumer Sentiment (ip)	61.3	60.5	63.8
10:00AM	Nov Sentiment: 1y Inflation (%)	4.5%	4.4%	4.2%
10:00AM	Nov Sentiment: 5y Inflation (%)	3.2%	3.2%	3%
Monday, Nov 27				
7:50AM	Oct Building permits: number (ml)	1.498M	1.487M	1.471M
10:00AM	Oct New Home Sales (ml)	0.679M	0.723M	0.759M
10:00AM	Oct New Home Sales (%) (%)	-5.6%		12.3%
11:30AM	2-Yr Note Auction (bl)	54		
1:00PM	5-Yr Note Auction (bl)	55		
Tuesday, Nov 28				
9:00AM	Sep FHFA Home Price Index m/m (%)	0.6%	0.4%	0.6%
9:00AM	Sep FHFA Home Prices y/y (%)	6.1%		5.6%
9:00AM	Sep Case Shiller Home Prices-20 y/y (%)	3.9%	4%	2.2%
9:00AM	Sep CaseShiller 20 mm nsa (%)	0.2%		0.4%
1:00PM	7-Yr Note Auction (bl)	39		
Wednesday, Nov 29				
7:00AM	Nov/24 MBA Purchase Index	144.9		138.4

Event Importance:

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

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Date	Event	Actual	Forecast	Prior
7:00AM	Nov/24 MBA Refi Index	327.8		359.9
8:30AM	Q3 GDP (%)	5.2%	5%	2.1%
Thursday, Nov 30				
8:30AM	Nov/25 Jobless Claims (k)	218K	220K	209K
8:30AM	Nov/18 Continued Claims (ml)	1927K	1872K	1840K
8:30AM	Oct Core PCE Inflation (y/y) (%)	3.5%	3.5%	3.7%
8:30AM	Oct Core PCE (m/m) (%)	0.2%	0.2%	0.3%
9:45AM	Nov Chicago PMI	55.8	45.4	44
Friday, Dec 01				
10:00AM	Nov ISM Manufacturing PMI	46.7	47.6	46.7
Wednesday, Jan 17				
1:00PM	20-Yr Bond Auction (bl)	13		

The Right Advice Is What Saves You Money

A Mortgage is a financial tool. The right tools help you build. At Cornerstone First, my tool belt is filled with many different tools so I can say "Yes" to more clients and referral partners.

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