



Your Trusted **Source** for Mortgage Market Intelligence



Weekly Newsletter

Provided to you
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Weekly Review

The stock market recorded moderate gains during the week with the major indexes climbing to within 2% of their all-time highs set during September 2018. The S&P 500 Index also set a new closing high for this year. As a result, bond yields crept higher as investor dollars flowed into riskier asset classes like equities. The move into stocks was fueled by favorable economic news coming from both China and the U.S.

Chinese manufacturing and services indexes moved higher than expected helping to provide a boost in investor sentiment and investing globally. Also helping was news of continuing progress in U.S.-China trade talks and a positive Employment Situation (Jobs) Report for March.

After the close of trading last Thursday, President Trump announced an "epic" trade deal could be coming soon. However, key stumbling blocks such as forced technology transfers and enforcement mechanisms remain to be worked out. According to the Xinhua (New China) News Agency, the official state-run press agency of the People's Republic of China, China's Vice Premier Liu, stated a "new consensus" has been reached on the text of a trade agreement. President Trump said it will be known probably in the next four weeks or so if a trade deal gets done.

Domestically, the closely monitored monthly Employment Situation (Jobs) Report was released Friday showing the labor market and economy continues to expand but perhaps at a slightly slower pace. The report was given “Goldilocks” status as being one that wasn’t too hot to promote inflation nor too cold to slow the economy.

Jobs Report: March

Employment Report



Total	196k
	Revisions: ↑14k
Unemployment Rate	3.8%
Avg. Hourly Earnings	↑ 3.2% \$27.70
Avg. Weekly Earnings	↑ 3.2% \$955.65

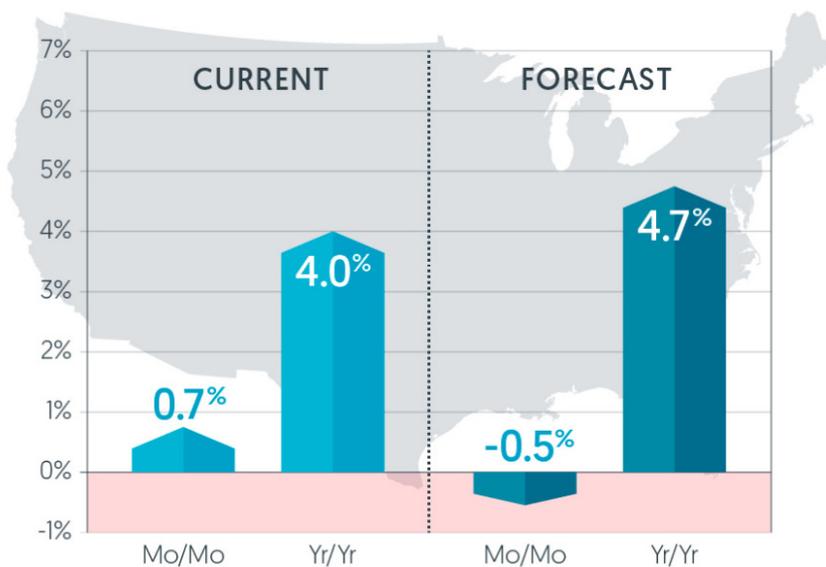
source: bls.gov

The Labor Department reported employers added 196,000 jobs in March, slightly above the consensus forecast. Plus, February’s dismal jobs number was revised 14,000 higher.

The report also disclosed average hourly earnings increased by only 0.1% for the month and by 3.2% over a year earlier, down from a 3.4% rise in February. This should

help calm fears concerning wage-based inflation.

In housing, CoreLogic released its Home Price Index (HPI) and HPI Forecast for February 2019, showing home prices increased both year-over-year and month-over-month. Nationally, home prices increased by 4% year-over-year from February 2018. On a month-over-month basis, prices increased by 0.7% in February 2019.



Looking toward the future, the CoreLogic HPI Forecast indicates home prices will continue to rise and increase by 4.7% on a year-over-year basis from February 2019 to February 2020. On a month-over-month basis, home prices are expected to decrease by 0.5% from February 2019 to March 2019.

Chief economist for CoreLogic, Dr. Frank Nothaft, stated “During the first two months of the year, home-price growth continued to decelerate. This is the opposite of what we saw the last two years when price growth accelerated

early. With the Federal Reserve’s announcement to keep short-term interest rates where they are for the rest of the year, we expect mortgage rates to remain low and be a boost for the spring buying season. A strong buying season could lead to a pickup in home-price growth later this year.”

Elsewhere, mortgage data from the Mortgage Bankers Association (MBA) showed the number of mortgage applications increased from the prior week. The MBA reported their overall seasonally adjusted Market Composite Index (application volume) increased 18.6% for the week ended March 29, 2019. The seasonally adjusted Purchase Index increased 3% from a week prior while the Refinance Index increased 39% to its highest level since November 2016.

Overall, the refinance portion of mortgage activity increased to 47.4% from 40.4% of total applications from the prior week. The adjustable-rate mortgage share of activity increased to 9.5% of total applications from 7.2%. According to the MBA, the average contract interest rate for 30-year fixed-rate mortgages with a conforming loan balance decreased to 4.36% from 4.45% with points increasing to 0.44 from 0.39 for 80 percent loan-to-value ratio (LTV) loans.

For the week, the FNMA 4.0% coupon bond declined 9.4 basis points to close at \$102.734 while the 10-year Treasury yield increased 8.99 basis points to end at 2.4989%. The Dow Jones Industrial Average gained 496.31 points to close at 26,424.99. The NASDAQ Composite Index added 209.37 points to close at 7,938.69. The S&P 500 Index rose 58.34 points to close at 2,892.74. Year to date (2019) on a total return basis, the Dow Jones Industrial Average has added 13.28%, the NASDAQ Composite Index has gained 19.64%, and the S&P 500 Index has advanced 15.39%.

This past week, the national average 30-year mortgage rate climbed to 4.21% from 4.11%; the 15-year mortgage rate increased to 3.92% from 3.82%; the 5/1 ARM mortgage rate rose to 4.05% from 4.00%; and the FHA 30-year rate moved higher to 4.00% from 3.92%. Jumbo 30-year rates increased to 4.13% from 4.00%.

Economic Calendar - for the Week of April 08, 2019

Economic reports having the greatest potential impact on the financial markets are highlighted in bold.

Date	Time ET	Event /Report /Statistic	For	Market Expects	Prior
Apr 08	10:00	Factory Orders	Feb	-0.6%	0.1%
Apr 09	06:00	NFIB Small Business Optimism Index	Mar	NA	101.7
Apr 09	10:00	JOLTS - Job Openings	Feb	NA	7.581M
Apr 10	07:00	MBA Mortgage Applications Index	04/06	NA	18.6%
Apr 10	08:30	Consumer Price Index (CPI)	Mar	0.3%	0.2%
Apr 10	08:30	Core CPI	Mar	0.2%	0.1%
Apr 10	10:30	EIA Crude Oil Inventories	04/06	NA	+7.2M
Apr 10	14:00	FOMC Minutes	Mar	NA	
Apr 10	14:00	Treasury Budget	Mar	NA	-\$208.7B
Apr 11	08:30	Initial Jobless Claims	04/06	215,000	202,000
Apr 11	08:30	Continuing Jobless Claims	03/30	NA	1,717K
Apr 11	08:30	Producer Price Index (PPI)	Mar	0.3%	0.1%
Apr 11	08:30	Core PPI	Mar	0.2%	0.1%
Apr 12	08:30	Import Prices	Mar	NA	0.6%
Apr 12	08:30	Export Prices	Mar	NA	0.6%
Apr 12	08:30	Import Prices excluding oil	Mar	NA	0.0%
Apr 12	08:30	Export Prices excluding agriculture	Mar	NA	0.7%
Apr 12	10:00	Prelim. Univ. of Michigan Consumer Sentiment	Apr	97.6	98.4

Mortgage Rate Forecast with Chart - FNMA 30-Year 4.0% Coupon Bond

The FNMA 30-year 4.0% coupon bond (\$102.734, -9.4) traded within a narrower 26.6 basis point range between a weekly intraday low of \$102.531 on Monday and Wednesday and a weekly intraday high of 102.797 on Monday before closing the week at \$102.734 on Friday. Mortgage bonds traded in a U-shaped pattern during the week while testing technical support at the 50% Fibonacci retracement support level at \$102.618. If this key support level continues to hold, mortgage rates should remain relatively stable for the week. The chart suggests we could see some sideways movement along support further suggesting little movement in rates.

