



Mid Valley Financial

Mortgage Banker, Since 1985
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Lowest Rates Since May, But There's a Catch

Rates ended the week at the best levels since late May. That sounds pretty great, right?! Unfortunately, there's a fairly big catch.

The problem with the past month and a half is that the range has been excruciatingly narrow. In fact, if you've been in the market for a loan during that time, you probably haven't seen your quoted interest rate change at all.

The chart below only **looks** like it's moving in July because it is adjusted for small day-to-day changes in lenders' **upfront costs**. That's a bit of tricky topic because "upfront costs" mean different things to different people. In this case, it refers to the costs that correspond with any given rate on a lender rate sheet.

These upfront costs let us see mortgage rate movement even if the payment rate or "**note rate**" isn't moving. Think of them as fine-tuning adjustments.

National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|-------|--------|--------|
| 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

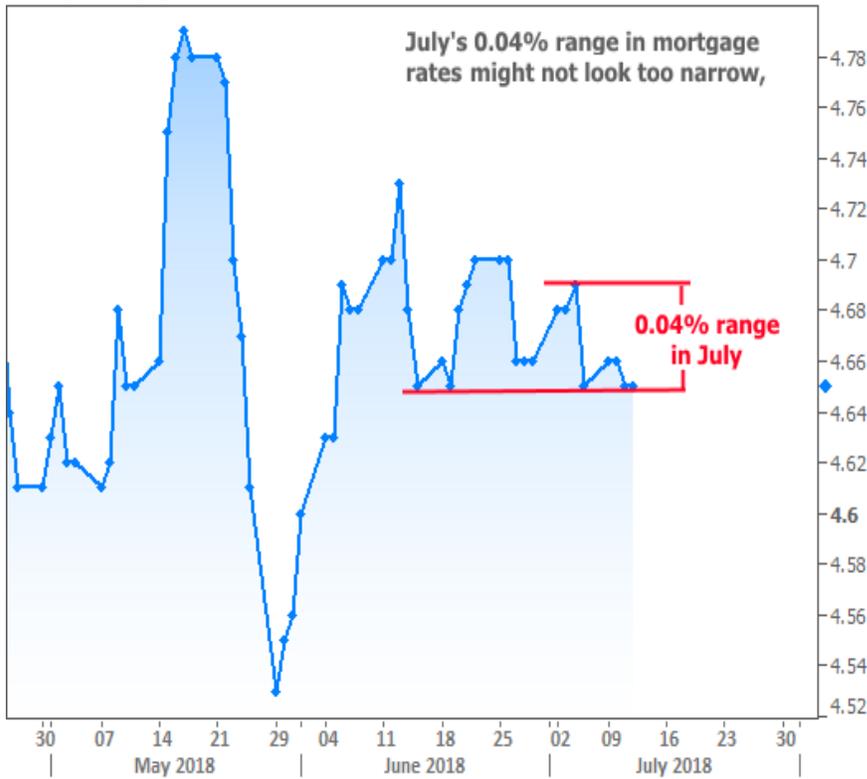
| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 5.5 | 99.39 | -0.01 |
| MBS GNMA 5.5 | 99.78 | +0.00 |
| 10 YR Treasury | 4.2423 | -0.0102 |
| 30 YR Treasury | 4.4631 | -0.0094 |

Pricing as of: 7/23 4:44AM 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% |

Average Mortgage Rates



Average Mortgage Rates

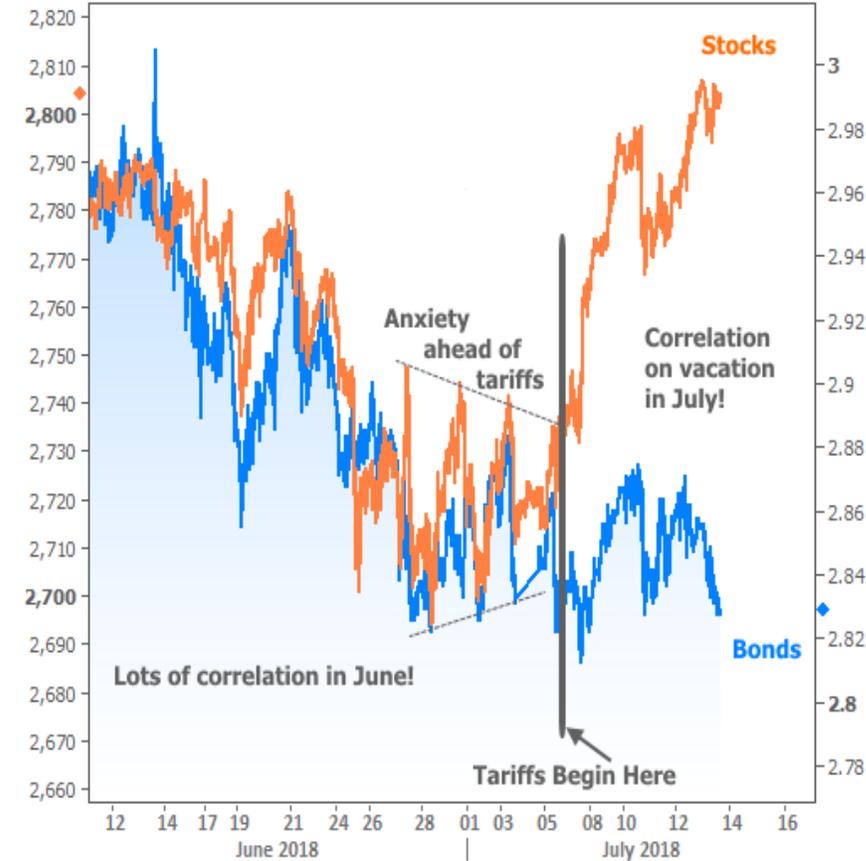


Why does any of that matter? In one sense, it prepares you to be appropriately cynical about next week's potential mortgage rate headlines. Beyond that, the sideways grind in rates is one of our industry's most visible manifestations of the uncertainty in broader financial markets.

Part of the uncertainty is due to the general realities of summertime trading--especially in the bond market (which underlies rates). A **bigger driver of uncertainty** is something we talked about in [last week's newsletter](#): the implementation of tariffs on China and the fear of market backlash.

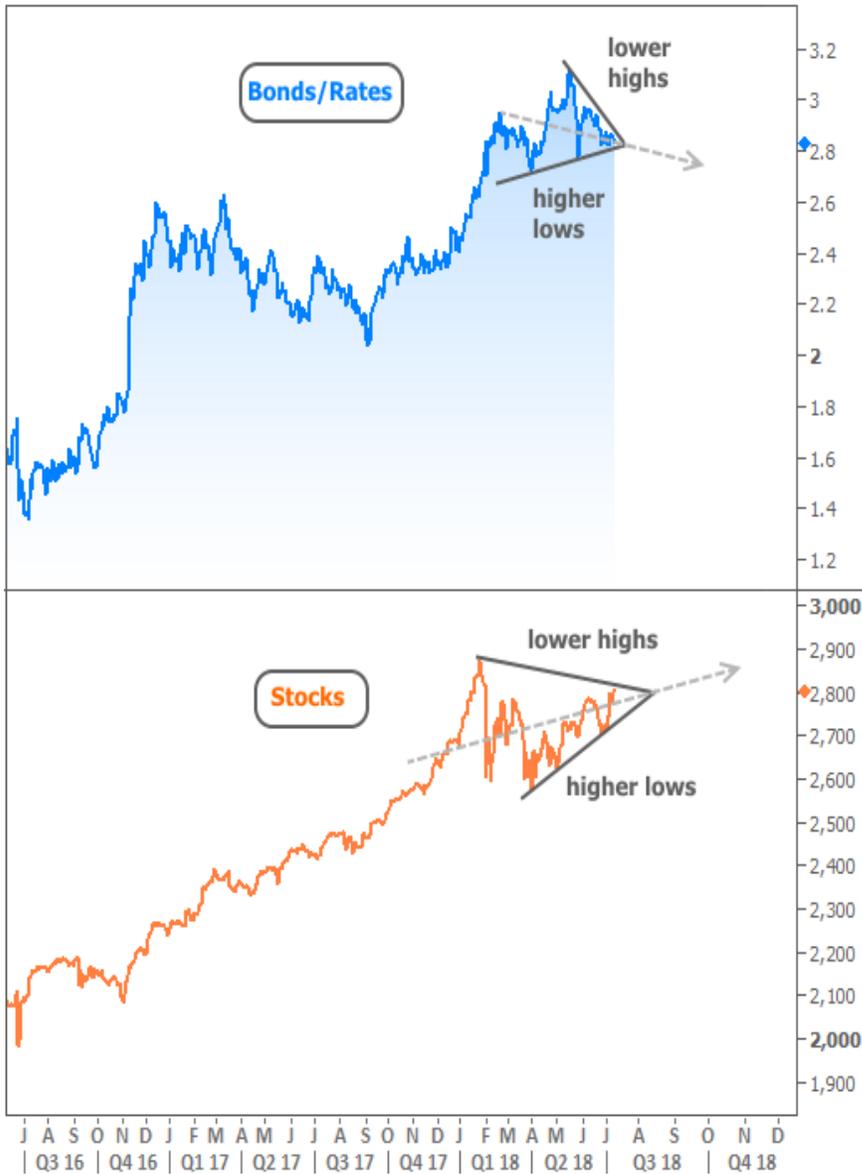
There's a visible reference to the uncertainty in the correlation between stocks and bonds heading into the end of last week. We often see both sides of the market huddle together with higher lows and lower highs, waiting for an indication of the next big move. The chart below shows that stocks quickly forgot about last week's fears while the jury is still out for bonds.

Stocks vs Bonds



So **who's telling the truth here?** Did stocks jump the gun or are bonds taking too much time to decide? As is often the case, zooming out a bit will tell us what we need to know. Incidentally, BOTH stocks and bonds are still in bigger-picture consolidation patterns for essentially all of 2018.

Stocks vs Bonds



In other words, neither side of the market is telling the truth OR lying. Both still aren't exactly sure which way the next move will go. If past precedent is any guide, we may be waiting to find out conclusively until the summertime trading slowdown ends in September. Either way, the presence of these consolidations **greatly increases the odds** of a bigger move on the horizon.

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Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|--------------------------|------------------------|--------|----------|-------|
| Tuesday, Jul 10 | | | | |
| 1:00PM | 3-Yr Note Auction (bl) | 33 | | |
| Wednesday, Jul 11 | | | | |

Event Importance:

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

| Date | Event | Actual | Forecast | Prior |
|--------------------------|-----------------------------------|--------|----------|-------|
| 7:00AM | w/e MBA Purchase Index | 261.5 | | 245.5 |
| 7:00AM | w/e Mortgage Refinance Index | 958.5 | | 996.0 |
| 8:30AM | Jun Producer Prices (%) | 0.3 | 0.2 | 0.5 |
| 8:30AM | Jun Core Producer Prices YY (%) | 2.8 | 2.6 | 2.4 |
| 10:00AM | May Wholesale inventories mm (%) | 0.6 | 0.5 | 0.5 |
| 1:00PM | 10-yr Note Auction (bl) | 22 | | |
| Thursday, Jul 12 | | | | |
| 8:30AM | Jun CPI mm, sa (%) | 0.1 | 0.2 | 0.2 |
| 8:30AM | Jun Core CPI Year/Year (%) | 2.3 | 2.3 | 2.2 |
| 8:30AM | w/e Jobless Claims (k) | 214 | 222 | 231 |
| 1:00PM | 30-Yr Bond Auction (bl) | 14 | | |
| Friday, Jul 13 | | | | |
| 8:30AM | Jun Export prices mm (%) | 0.3 | 0.2 | 0.6 |
| 8:30AM | Jun Import prices mm (%) | -0.4 | 0.1 | 0.6 |
| 10:00AM | Jul 5yr Inflation Outlook (%) | 2.4 | | 2.6 |
| 10:00AM | Jul 1yr Inflation Outlook (%) | 2.9 | | 3.0 |
| 10:00AM | Jul Consumer Sentiment | 97.1 | 98.2 | 98.2 |
| Monday, Jul 16 | | | | |
| 8:30AM | Jun Retail Sales (%) | +0.5 | 0.5 | 0.8 |
| 8:30AM | Jul NY Fed Manufacturing | 22.6 | 22.00 | 25.00 |
| 10:00AM | May Business Inventories (%) | +0.4 | 0.4 | 0.3 |
| Tuesday, Jul 17 | | | | |
| 9:15AM | Jun Capacity Utilization (%) | 78.0 | 78.3 | 77.9 |
| 9:15AM | Jun Industrial Production (%) | +0.6 | 0.6 | -0.1 |
| 10:00AM | Jul NAHB housing market indx | 68 | 68 | 68 |
| Wednesday, Jul 18 | | | | |
| 7:00AM | w/e MBA Purchase Index | 247.9 | | 261.5 |
| 7:00AM | w/e Mortgage Refinance Index | 979.6 | | 958.5 |
| 8:30AM | Jun Building permits: number (ml) | 1.273 | 1.330 | 1.301 |
| 8:30AM | Jun House starts mm: change (%) | -12.3 | | 5.0 |
| 8:30AM | Jun Build permits: change mm (%) | -2.2 | | -4.6 |
| 8:30AM | Jun Housing starts number mm (ml) | 1.173 | 1.320 | 1.350 |
| Thursday, Jul 19 | | | | |
| 8:30AM | Jul Philly Fed Business Index | 25.7 | 21.5 | 19.9 |
| 8:30AM | w/e Jobless Claims (k) | 207 | 216 | 214 |
| 10:00AM | Jun Leading index chg mm (%) | 0.5 | 0.4 | 0.2 |

Who is Mid Valley Financial?

Mid Valley Financial, located in Fresno, CA, is the Central Valley's premier destination for a wide range of residential and commercial real estate loans. Our commitment to excellence has made us a trusted partner for property buyers and investors seeking tailored financial solutions.

****Why Choose Us:****

With a track record spanning back to our inception in 1985, we have established ourselves as a reliable and innovative lender. We proudly serve properties exclusively within California, having funded loans in all 58 counties of the state. Our deep-rooted experience enables us to navigate complex loan scenarios with expertise and efficiency.

****Our Approach:****

At Mid Valley Financial, we prioritize your financial goals. Whether you're a first-time homebuyer, envisioning your dream property, refinancing an existing mortgage, or looking to tap into your property's equity, our seasoned loan officers offer a wealth of knowledge and over 300 years of collective experience. We ensure that your funds are prepared when you need them, providing a smooth and swift loan process.

****Unlocking Possibilities:****

As one of California's leading direct lenders, we've streamlined the loan process, minimizing obstacles that often deter borrowers. Many of our clients receive approvals within an hour, showcasing our dedication to quick and hassle-free solutions.

****Your Journey with Us:****

Contact the MVF team today and let us put your journey to property ownership on cruise control. Our mission is to empower borrowers while fostering enduring and meaningful relationships. With highly competitive rates, a commitment to transparency, and a dedication to your financial success, Mid Valley Financial is your partner in realizing your real estate aspirations.

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