



Mid Valley Financial

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Everything's Relative, And Rates Had a Relatively Good Week

While it's possible to accuse mortgage rates of experiencing volatility over the past few days, this week was exceptionally calm compared to last week. So "everything's relative," and relatively speaking, that's a win.

Here's a snapshot of the action as told by 10yr Treasury yields, which tend to be moving in the same direction as mortgage rates:



As the chart points out, Thursday's 30yr bond auction brought this week's only instance of excess volatility. This refers to The Treasury Department's regularly scheduled auctions of US debt--some of the only interesting items on this week's event calendar as far as rates were concerned.

In general, Treasuries are the tour guides for the bonds that drive mortgage rates (MBS or mortgage-backed securities). They tend to hang out closer to the tour bus while MBS go off in search of adventure, but everyone is generally moving to the same places at the same time.

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 | 99.40 | 0.00 |
| MBS GNMA 5.5 | 99.78 | +0.01 |
| 10 YR Treasury | 4.2540 | +0.0161 |
| 30 YR Treasury | 4.4739 | +0.0271 |

Pricing as of: 7/22 4:52PM 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% |

In other words, a big, volatile jump in Treasury yields often suggests the same for mortgage rates. Fortunately, this particular jump wasn't that big, and the 30yr Treasury bond is less correlated with mortgage rates than 5 or 10yr Treasuries. The result was only a modest increase in rates on Thursday and not one that erased too much of the recent improvements.

30yr Fixed Mortgage Rate Indices

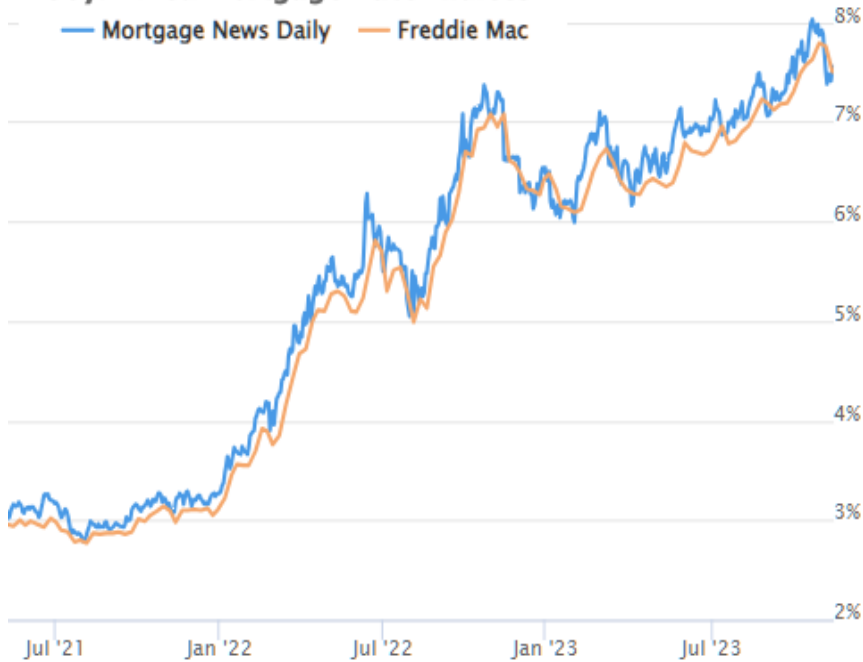
— Mortgage News Daily — Freddie Mac



Of course we should remember that everything's relative...

30yr Fixed Mortgage Rate Indices

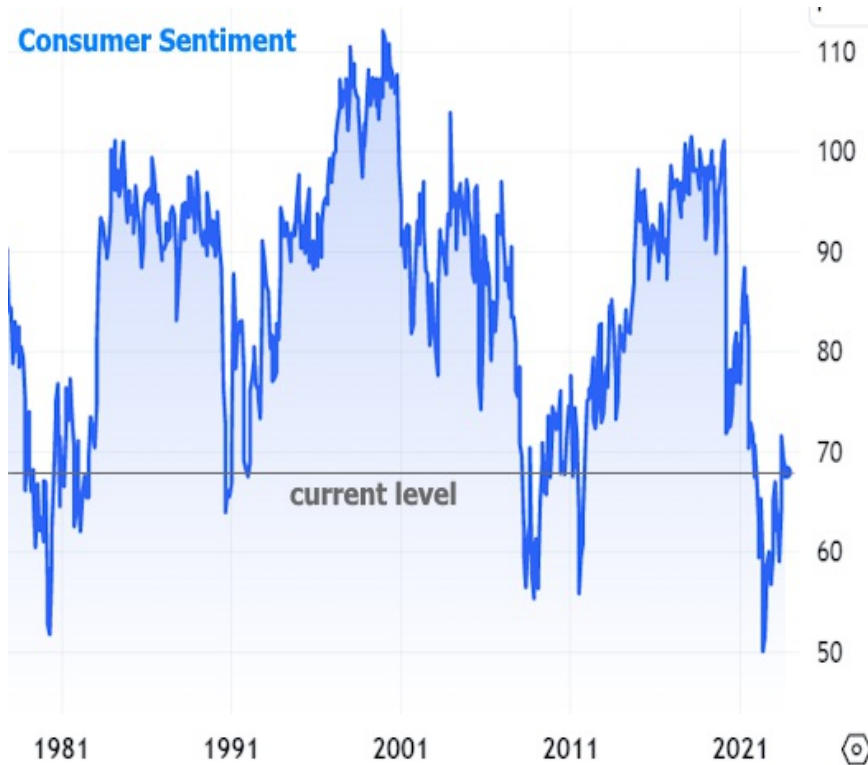
— Mortgage News Daily — Freddie Mac



The chart above is not intended to rain on any parades, but merely to put them in context. It shows 3 previous instances of rates appearing to top out and push back against long term highs only to be persistently dragged higher. All that to say: it's promising to see rates mostly holding last week's improvement, but as far as long journeys go, it's best viewed a solid first few steps.

In order to continue the journey, the bond market (which dictates rates) will need to see the same things it's been wanting to see: lower inflation, softer economic data, and for the Federal Reserve to be seeing the same things. This week was very light with respect to data--especially inflation data--but there was an anecdotal mixed bag on Friday in the form of the Consumer Sentiment Survey.

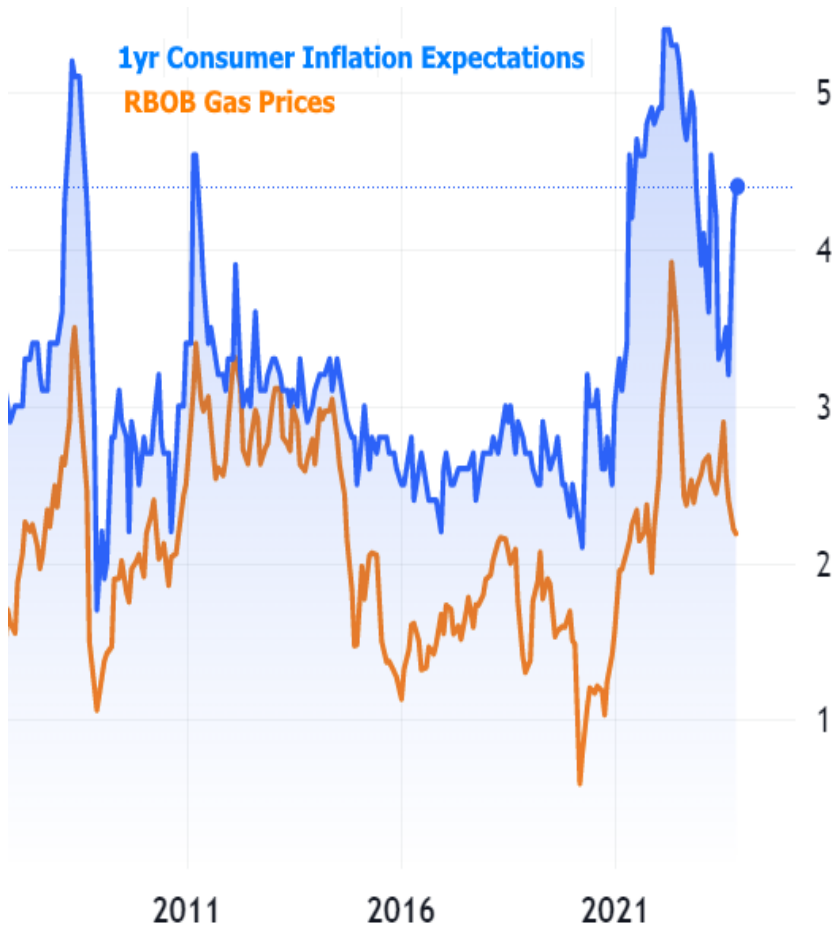
Consumers were more downbeat overall with the sentiment index falling to 60.4 from 63.8 previously. This is LOW territory--not as low as we've seen recently, but nonetheless in line with some of the worse levels in more than 10 years.



In and of itself, low sentiment would be good for rates because downbeat economic data tends to suggest slower growth and lower inflation. But if inflation expectations are contributing to the pessimism, it cancels out the good news for rates. Incidentally, the same survey has an "inflation expectations" component for both 1yr and 5yr time frames. The 5yr is fairly boring, but here's the 1yr:



Consumers aren't crystal balls, but the Fed does consider consumer inflation expectations in its assessment of inflation. Fortunately, this isn't the only place they look for that data and Fed Chair Powell has recently mentioned that other indicators of inflation expectations are showing much more promise. Beyond that, this data series tends to be overly-correlated with fuel prices (although there is an odd and notable divergence from that trend at the moment):



Ultimately, consumer inflation expectations are a sideshow compared to the top tier inflation data. The Consumer Price Index (CPI), for example, has proven capable of rocking the rate market more than almost any other economic report apart from the jobs report. And we won't have to wait long for the next installment (this upcoming Tuesday).

The Fed has been clear and we should take them at their word that rates could be done moving higher if inflation and growth continue to cool, but that rates could easily move right back up if the data surprises to the upside.

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Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|--------------------------|----------------------------------|--------|----------|--------|
| Tuesday, Nov 07 | | | | |
| 1:00PM | 3-Yr Note Auction (bl) | 48 | | |
| Wednesday, Nov 08 | | | | |
| 7:00AM | Nov/03 MBA Purchase Index | | | |
| 7:00AM | Nov/03 MBA Refi Index | 347.3 | | 341.7 |
| 10:00AM | Sep Wholesale inventories mm (%) | 0.2% | 0% | -0.1% |
| 1:00PM | 10-Year Note Auction | 4.519% | | 4.610% |
| Thursday, Nov 09 | | | | |
| 8:30AM | Nov/04 Jobless Claims (k) | 217K | 218K | 217K |

Event Importance:

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

| Date | Event | Actual | Forecast | Prior |
|--------------------------|-----------------------------------|--------|----------|--------|
| 1:00PM | 30-Year Bond Auction | 4.769% | | 4.837% |
| Tuesday, Nov 14 | | | | |
| 8:30AM | Oct m/m Headline CPI (%) | 0% | 0.1% | 0.4% |
| 8:30AM | Oct y/y Headline CPI (%) | 3.2% | 3.3% | 3.7% |
| 8:30AM | Oct y/y CORE CPI (%) | 4% | 4.1% | 4.1% |
| 8:30AM | Oct m/m CORE CPI (%) | 0.2% | 0.3% | 0.3% |
| Wednesday, Nov 15 | | | | |
| 7:00AM | Nov/10 MBA Purchase Index | 133.2 | | 129 |
| 7:00AM | Nov/10 MBA Purchase Index | | | |
| 8:30AM | Nov NY Fed Manufacturing | 9.1 | -2.8 | -4.6 |
| 8:30AM | Oct Core Producer Prices MM (%) | 0% | 0.3% | 0.3% |
| 8:30AM | Oct Core Producer Prices YY (%) | 2.4% | 2.7% | 2.7% |
| 8:30AM | Oct Retail Sales (%) | -0.1% | -0.3% | 0.7% |
| 10:00AM | Sep Business Inventories (%) | 0.4% | 0.4% | 0.4% |
| Thursday, Nov 16 | | | | |
| 8:30AM | Oct Import prices mm (%) | -0.8% | -0.3% | 0.1% |
| 8:30AM | Nov/11 Jobless Claims (k) | 231K | 220K | 217K |
| 8:30AM | Nov Philly Fed Business Index | -5.9 | -9 | -9 |
| 9:15AM | Oct Industrial Production (%) | -0.6% | -0.3% | 0.3% |
| Friday, Nov 17 | | | | |
| 8:30AM | Oct Housing starts number mm (ml) | 1.372M | 1.35M | 1.358M |
| 8:30AM | Oct Building permits: number (ml) | 1.487M | 1.45M | 1.471M |
| Wednesday, Nov 22 | | | | |
| 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% |

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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