



Mid Valley Financial

Mortgage Banker, Since 1985
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Short, Quiet Week, But With Some Hopeful Hints For Housing and Rates

Between Monday's holiday market closure and the general absence of highly relevant economic reports, it was a fairly quiet week for interest rates and the housing market, but not without some potentially hopeful developments.

As evidence of just how quiet this week was for the bond market (which underlies mortgage rate movement), consider the extent to which US Treasuries took cues from European bonds (represented by Germany's 10yr yield in the following chart).



This isn't to say that there were no domestic motivations this week--only that they played out in very narrow ranges. The two most actively traded moments of the week followed Wednesday's 20yr bond auction and Thursday morning's S&P PMI data. Both resulted in very little market movement compared to hours with less actionable data in play.

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

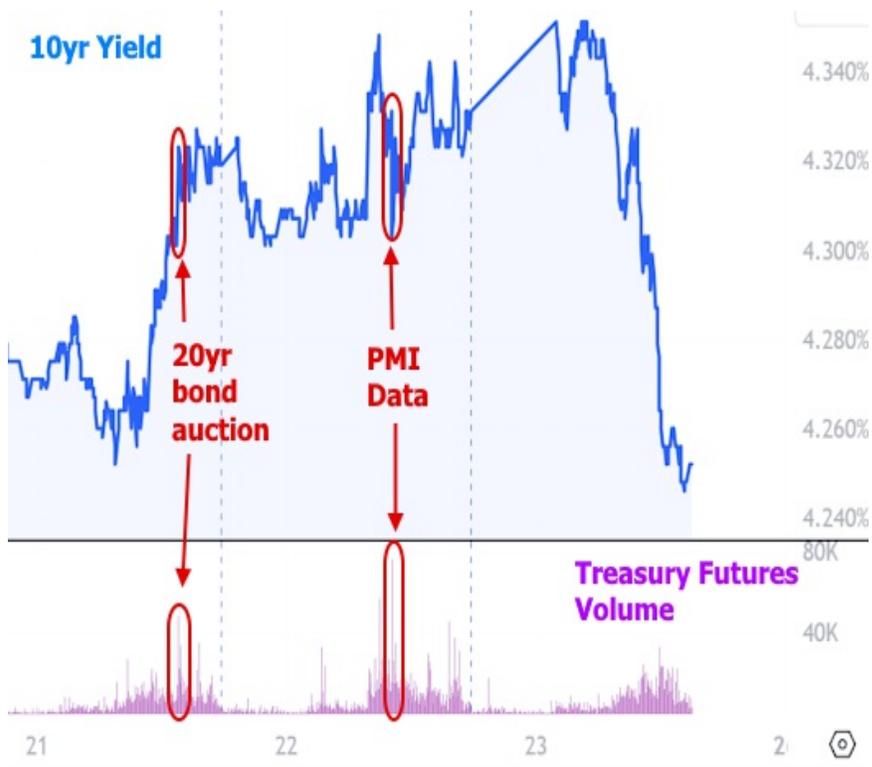
Market Data

	Price / Yield	Change
MBS UMBS 5.5	99.38	-0.02
MBS GNMA 5.5	99.77	+0.00
10 YR Treasury	4.2535	+0.0156
30 YR Treasury	4.4729	+0.0261

Pricing as of: 7/22 4:57PM EST

Recent Housing Data

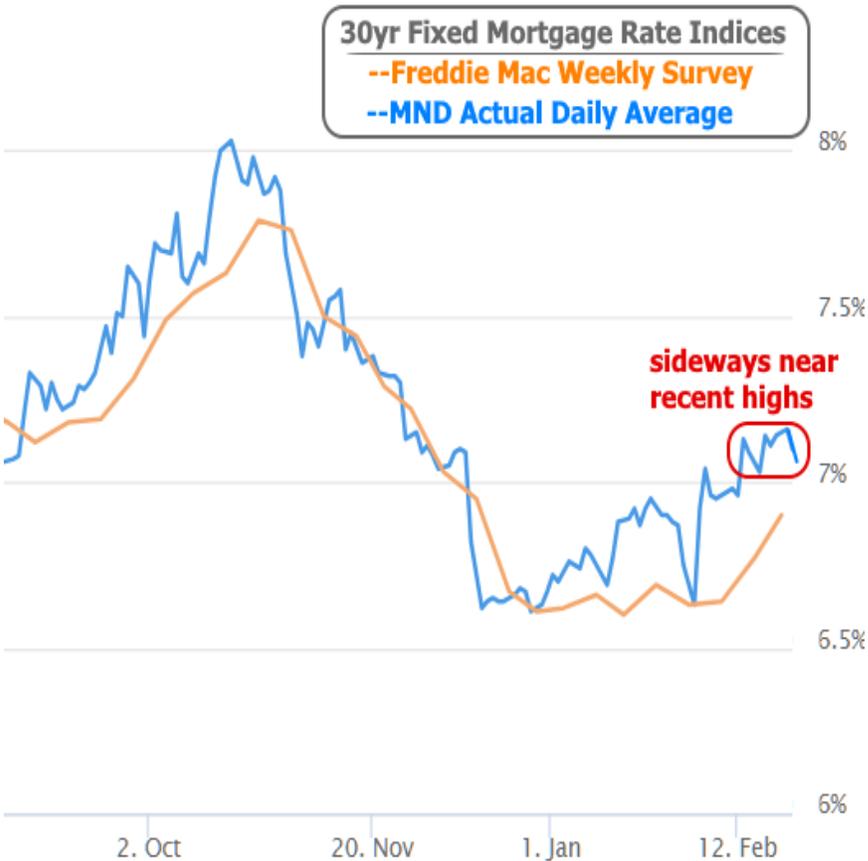
		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%



In the bigger picture, this resulted in bond yields (which correlate with mortgage rates), just barely winning a battle to remain under the most frequently visited ceiling in recent weeks at 4.32%.



The attempt to hold ground in a narrow, sideways pattern near recent highs is the exact same thing that's playing out in mortgage rates--as long as you're following day to day movements as opposed to weekly indices that can have a substantial lag.



All of the above can be considered in conjunction with the fact that we heard from multiple members of the Federal Reserve's rate-setting committee who said they were not reading too much into one month of hotter employment/inflation data (arguably "the thing" that did the most to accelerate 2024's upward rate momentum in February).

While this doesn't mean the Fed is suggesting data will turn around and help rates in early March, it does mean the market can afford to be receptive to the data if it paints a slightly more rate-friendly picture. Either way, early March is a HIGHLY consequential time for economic data as it brings all of the reports that have done the most to help and hurt interest rates over the past few years. Just as importantly, all of that data will be in before the next big Fed meeting/announcement on March 20th.

The spillover from rates to the housing market goes without saying, but we'll call some attention to it anyway. The average mortgage rate in January was the lowest in 7 months and existing home sales rose at their fastest pace in nearly a year according to data that came out this week. It also showed the annual pace of sales making back above 4 million after spending the last 3 months below.



Next week brings additional housing data with January's new home sales numbers on Monday. The two major home price indices will be updated on Tuesday, but those run a month behind the majority of housing data and will thus only cover us through December. Thursday's Pending Home Sales data is the most timely. Even though it is also for January, it measures contract signings as opposed to closed sales and is thus more of an advance indicator of the next round of Existing Sales data.

Away from the housing market, there are a few other reports that can have an impact. The PCE inflation data is often referred to as the Fed's favorite inflation metric. That said, the market tends to react to the CPI data because it's available two weeks earlier. If PCE were to send a distinctly different message than CPI, the market would likely make an exception. Thankfully, though, because there was already a bad reaction to CPI for January, the only real surprise would be if PCE happened to show cooler inflation. If that were to happen, it could give rates a nudge toward lower levels, but again, the biggest nudges will be reserved for the next jobs report and CPI in early March.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Wednesday, Feb 21				
7:00AM	Feb/16 MBA Refi Index	427		489.6
7:00AM	Feb/16 MBA Purchase Index	133.6		149.6
2:00PM	FOMC Minutes			
Thursday, Feb 22				
8:30AM	Feb/17 Jobless Claims (k)	201K	218K	212K
9:45AM	Feb S&P Global Services PMI	51.3	52	52.5
10:00AM	Jan Existing home sales (ml)	4M	3.97M	3.78M
10:00AM	Jan Exist. home sales % chg (%)	3.1%		-1%

Event Importance:

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

Date	Event	Actual	Forecast	Prior
Monday, Feb 26				
10:00AM	Jan New Home Sales (ml)	0.661M	0.68M	0.664M
Tuesday, Feb 27				
8:30AM	Jan Durable goods (%)	-6.1%	-4.5%	0%
9:00AM	Dec FHFA Home Prices y/y (%)	6.6%		6.6%
9:00AM	Dec Case Shiller Home Prices-20 y/y (%)	6.1%	6%	5.4%
10:00AM	Feb CB Consumer Confidence (%)	106.7	115	114.8
Wednesday, Feb 28				
8:30AM	Q4 GDP (%)	3.2%	3.3%	4.9%
Thursday, Feb 29				
8:30AM	Jan Core PCE (m/m) (%)	0.4%	0.4%	0.2%
8:30AM	Jan Core PCE Inflation (y/y) (%)	2.8%	2.8%	2.9%
8:30AM	Feb/24 Jobless Claims (k)	215K	210K	201K
9:45AM	Feb Chicago PMI	44	48	46
Friday, Mar 01				
10:00AM	Feb ISM Manufacturing PMI	47.8	49.5	49.1
10:00AM	Jan Construction spending (%)	-0.2%	0.2%	0.9%
10:00AM	Feb Consumer Sentiment (ip)	76.9	79.6	79
Wednesday, Apr 17				
1:00PM	20-Yr Bond Auction (bl)	13		

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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