

## MORTGAGE MARKET IN REVIEW



# HOMETOWN AMERICA INCORPORATED

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## Market Comment

Mortgage bond prices finished the week lower which put additional upward pressure on rates. We started the week with sharp rate spikes and finished the week with some slightly positive sentiment. Strong data Monday sent prices lower and rates higher. Retail sales rose 0.7% vs 0.3%. The rest of the data was mixed. NAHB housing was 51 as expected. Industrial production rose 0.4% as expected. Capacity use was 78.4% vs 78.5%. Existing home sales were 4.19M vs 4.2M. Leading economic indicators fell 0.3% vs the expected 0.1% decline. Philadelphia Fed was 15.5 vs 1.5. Weekly jobless claims were 212K vs 215K. The Fed Beige Book reported “overall economic activity expanded slightly” and “price increases were modest.” Mortgage interest rates finished the week worse by approximately 3/8 to 1/2 of a discount point.

## LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
New Home Sales	Tuesday, April 23, 10:00 am, et	669K	Important. An indication of economic strength and credit demand. Weakness may lead to lower rates.
2Y Treasury Note Auction	Tuesday, April 23, 1:15 pm, et	None	Important. Notes will be auctioned. Strong demand may lead to lower mortgage rates.
Durable Goods Orders	Wednesday, April 24, 8:30 am, et	Up 2.1%	Important. An indication of the demand for “big ticket” items. Weakness may lead to lower rates.
5Y Treasury Note Auction	Wednesday, April 24, 1:15 pm, et	None	Important. Notes will be auctioned. Strong demand may lead to lower mortgage rates.

Q1 GDP	Thursday, April 25, 8:30 am, et	Up 2.1%	Very important. The aggregate measure of US economic production. Weakness may lead to lower rates.
7Y Treasury Note Auction	Thursday, April 25, 1:15 pm, et	None	Important. Notes will be auctioned. Strong demand may lead to lower mortgage rates.
Personal Income and Outlays	Friday, April 26, 8:30 am, et	Up 0.5%, Up 0.3%	Important. A measure of consumers' ability to spend. Weakness may lead to lower mortgage rates.
PCE Core Inflation	Friday, April 26, 8:30 am, et	Up 0.3%	Important. A measure of price increases for all domestic personal consumption. Weaker figure may help rates improve.

## Manage Risks

To make wise lock decisions everyone needs to be aware of two primary risks. Those are price and event risks. Price risk is simply where the market stands since regularly scheduled morning pricing. Event risk is the economic data that is heading our way. Most rate changes come in response to an economic release. A borrower that chooses to float in front of economic events takes a very big financial risk.

Floating overnight when there is little data and positive movement since pricing is a calculated risk. Floating with losses ahead of a significant release is a gamble.

Rates remain elevated as inflation fears remained heightened. The Fed believes they have inflation in check but wants to wait longer to pivot. Most borrowers would be wise to take advantage of current rates and then refinance in the future if rates fall.

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