

MORTGAGE MARKET IN REVIEW

HOMETOWN AMERICA
INCORPORATED

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Market Comment

Mortgage bond prices finished the week near unchanged despite some sharp swings throughout the week. Rates fell slightly the first portion of the week amid no data and a strong stock selloff. Many of the improvements were erased Wednesday afternoon and Thursday morning as stocks recovered some of the earlier losses. Durable goods orders rose 0.8%. Analysts expected a 1% decrease. Weekly jobless claims were 215K, expected 214K. Continuing claims were 1.636M vs the 1.653M expected. Gross domestic product rose 3.5% versus the expected 3.3% increase. Consumer sentiment was 98.6 versus the expected 99. Stocks sold off again Friday morning. Mortgage interest rates finished the week unchanged to better by 1/8 of a discount point.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Personal Income and Outlays	Monday, Oct. 29, 8:30 am, et	Up 0.3%, Up 0.2%	Important. A measure of consumers' ability to spend. Weakness may lead to lower mortgage rates.
PCE Core Inflation	Monday, Oct. 29, 8:30 am, et	Up 0.1%	Important. A measure of price increases for all domestic personal consumption. Weaker figure may help rates improve.
Consumer Confidence	Tuesday, Oct. 30, 10:00 am, et	138.5	Important. An indication of consumers' willingness to spend. Weakness may lead to lower mortgage rates.
ADP Employment	Wednesday, Oct. 31, 8:30 am, et	228K	Important. An indication of employment. Weakness may bring lower rates.
Q3 Employment Cost Index	Wednesday, Oct. 31, 8:30 am, et	Up 0.7%	Very important. A measure of wage inflation. Weakness may lead to lower rates.
Weekly Jobless Claims	Thursday, Nov. 1, 8:30 am, et	215K	Important. An indication of employment. Higher claims may result in lower rates.
Preliminary Q3 Productivity	Thursday, Nov. 1, 8:30 am, et	Up 2.9%	Important. A measure of output per hour. Improvement may lead to lower

			mortgage rates.
ISM Index	Thursday, Nov. 1, 10:00 am, et	59.9	Important. A measure of manufacturer sentiment. Weakness may lead to lower mortgage rates.
Employment	Friday, Nov. 2, 8:30 am, et	3.7%, Payrolls +135K	Very important. An increase in unemployment or weakness in payrolls may bring lower rates.
Factory Orders	Friday, Nov. 2, 10:00 am, et	Up 2.3%	Important. A measure of manufacturing sector strength. Weakness may lead to lower rates.

A Sure Thing

Timing is one of the most important factors in success. Unfortunately, knowing the perfect time to lock in a loan is impossible until after the fact. While analysts constantly try to predict the future, the bottom line is they continually fall short in terms of accuracy. The Fed is a prime example of this. They constantly adjust inflation expectations and rate hikes accordingly. Mortgage rates remain historically favorable and are a sure thing. Floating is risky.

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