MORTGAGE MARKET IN REVIEW

EST. 1992
HOMETOWN AMERICA INCORPORATED

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Market Comment

Mortgage bond prices finished the week sharply lower, which put significant upward pressure on rates. Higher than expected inflation readings reversed the improvements we saw in late October. Rates experienced some of the largest weekly increases in over a year. Hawkish comments from Fed Governor Waller added fuel to the fire. Ongoing oil price concerns and government debt supply both factored into trading. Consumer prices rose 0.4% vs 0.3. The core rose 0.3% vs 0.2%. Weekly ADP rose 19.75K vs 16.75K the prior week. Weekly jobless claims were 200K vs 195K. Existing home sales were 3.75M vs 3.85M. Producer prices rose 0.3% vs 0.4%. The Core was up 0.3% as expected. Mortgage interest rates finished the week worse by over a full discount point.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Retail Sales	Tuesday, Nov. 17, 8:30 am, et	Up 0.2%	Important. A measure of consumer demand. A smaller than expected increase may lead to lower mortgage rates.
Industrial Production	Tuesday, Nov. 17, 9:15 am, et	Up 0.1%	Important. A measure of manufacturing sector strength. A lower than expected increase may lead to lower rates.
Capacity Utilization	Tuesday, Nov. 17, 9:15 am, et	76.8%	Important. A figure above 85% is viewed as inflationary. Weaker figure may lead to lower rates.
NAHB Housing Index	Tuesday, Nov. 17, 10:00 am, et	29	Moderately Important. A measure of single-family housing. Weakness may lead to lower mortgage rates.

Housing Starts	Wednesday, Nov. 18, 8:30 am, et	1.25M	Important. A measure of housing sector strength. Weakness may lead to lower rates.
Fed Minutes	Wednesday, Nov. 18, 2:00 pm, et	None	Important. Details of the last Fed meeting will be thoroughly analyzed.
Philadelphia Fed Survey	Thursday, Nov. 19, 10:00 am, et	19.2	Moderately important. A survey of business conditions in the Northeast. Weakness may lead to lower rates.
U of Michigan Consumer Sentiment	Friday, Nov. 20, 10:00 am, et	52.1	Important. An indication of consumers' willingness to spend. Weakness may lead to lower mortgage rates.

Rate Hike Odds

The Federal Open Market Committee meets December 8 and 9. The financial markets are currently pricing in a 100% chance of another rate hike at this meeting. The current federal funds target range sits at 3.75%-4.00%.

With markets fully pricing in another Federal Reserve rate increase, mortgage rates over the next few weeks are likely to stay elevated and could edge higher as investors continue adjusting longer-term bond yields to the prospect of tighter policy. Further upward pressure would mainly come if incoming data, especially on inflation, or Fed communications signal a larger move or a higher path for rates into 2027. In the weeks ahead, rates could also see short-term volatility around economic releases, even with a hike widely viewed as a done deal.

A cautious approach to float/lock decisions is prudent amid continued economic uncertainty.

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