MORTGAGE MARKET IN REVIEW

Jack Brady
Hometown America Incorporated
800 Bonaventure Way Suite 150
Sugar Land, TX 77479
Phone: (281) 265-4663
Fax: (281) 313-5626
Cell Phone: (832) 746-5626
E-Mail: jack@hometown.cc
Website: http://www.hometown.cc

Market Comment

Mortgage bond prices finished the week sharply lower which put significant upward pressure on rates. Rates worsened Monday and Tuesday, recovered some of the losses Wednesday, and ended the week negatively. The US Treasury signaled intentions to purchase bonds which resulted in some wild market swings in a positive way initially and negatively as trading progressed. The data was mixed but generally showed the economy remained solid. NAHB housing was 35 vs 33. Housing starts were 1.239M vs 1.35M. Weekly ADP employment was 9.5K vs 8.25K. Weekly jobless claims were 206K vs 210K. The Philadelphia Fed business conditions index was 73.6 vs 34.4 the prior month. LEI rose 0.2% vs 0.1%. 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
Weekly ADP Employment	Tuesday, Aug. 25, 8:30 am, et	9K	Important. An indication of employment. Weakness may bring lower rates.
FHFA House Price Index	Tuesday, Aug. 25, 10:00 am, et	Up 0.4%	Moderately Important. A measure of single-family house prices. Weakness may lead to lower rates.
Consumer Confidence	Tuesday, Aug. 25, 10:00 am, et	91.2	Important. An indication of consumers' willingness to spend. Weakness may lead to lower mortgage rates.
New Home Sales	Tuesday, Aug. 25, 10:00 am, et	620K	Important. An indication of economic strength and credit demand. Weakness may lead to lower rates.

Durable Goods Orders	Wednesday, Aug. 26, 8:30 am, et	Up 0.7%	Important. An indication of the demand for “big ticket” items. Weakness may lead to lower rates.
Personal Income and Outlays	Wednesday, Aug. 26, 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	Wednesday, Aug. 26, 8:30 am, et	Up 0.2%	Important. A measure of price increases for all domestic personal consumption. Weaker figure may help rates improve.
U of Michigan Consumer Sentiment	Friday, Aug. 28, 10:00 am, et	51	Important. An indication of consumers’ willingness to spend. Weakness may lead to lower mortgage rates.

Jackson Hole

The Jackson Hole Economic Policy Symposium is hosted by the Federal Reserve Bank of Kansas City and is held annually in Jackson Hole, Wyoming since 1982. The KC Fed hosts dozens of central bankers, policymakers, academics and economists from around the world. This year’s meeting takes place August 27th to August 29th and is themed “Financial Innovation: Implications for Payments and Policy.”

Fed Chair Warsh will present his first major address, and analysts are eager for direction. The Fed faces a dilemma of high inflation and resilient growth. Some market participants want to hear expectations for a move toward easing while others want to hear the Fed will continue to focus on getting inflation in check. Fed members remain divided as the most recent minutes from the last FOMC meeting showed a few members were prepared to raise rates.

We expect any remarks to remain cautious and carefully worded. However, anytime Fed officials speak the financial markets listen and mortgage interest rate volatility can occur.

To unsubscribe, please hit "reply" and include unsubscribe in the subject line.