

MORTGAGE MARKET IN REVIEW



HOMETOWN AMERICA INCORPORATED

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 lower which put upward pressure on rates. Trading was negative most of the week with a slight reprieve Friday morning. Stocks showed continued strength. Mixed data had traders concerned about the Fed's path ahead. FHFA housing rose 0.1% vs 0.2%. Consumer confidence was 98.7 vs 103.8. New home sales were 716K vs 700K. Durable goods were unchanged vs down 2.6%. GDP rose 3% as expected. Weekly jobless claims were 218K vs 225K. Personal income rose 0.2% vs 0.4%. Outlays rose 0.2% vs 0.3%. Core PCE inflation was up 0.1% vs 0.2%. Consumer sentiment was 70.1 vs 69.3. Mortgage interest rates finished the week worse by approximately 1/4 of a discount point.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Fed Chair Speech	Monday, Sept. 30, 12pm, et	None	Important. Anytime the Fed Chair speaks the financial market listen. Volatility may surround Powell's remarks.
ISM Index	Tuesday, Oct. 1, 10:00 am, et	47.4	Important. A measure of manufacturer sentiment. Weakness may lead to lower mortgage rates.
Construction Spending	Tuesday, Oct. 1, 10:00 am, et	Down 0.8%	Low importance. An indication of economic strength. Significant weakness may lead to lower rates.
ADP Employment	Wednesday, Oct. 2, 8:15 am, et	90K	Important. An indication of employment. Weakness may bring lower rates.
Weekly Jobless Claims	Thursday, Oct. 3, 8:30 am, et	220K	Important. An indication of employment. Higher claims may result in lower rates.

Factory Orders	Thursday, Oct. 3, 10:00 am, et	Up 0.8%	Important. A measure of manufacturing sector strength. Weakness may lead to lower rates.
Employment	Friday, Oct. 4, 8:30 am, et	4.2, Payrolls +138K	Very important. An increase in unemployment or weakness in payrolls may bring lower rates.

ISM

The Institute for Supply Management (ISM), formerly the National Association of Purchasing Management (NAPM), releases the “Report on Business” on the first working day of each month. Part of this report is the “diffusion index,” which tracks the economy’s ups and downs well.

In conducting this survey, the ISM questions purchasing executives from over 250 industrial companies compiling data on production, orders, commodity prices, inventories, vendor performance, and employment. Each of the respondents is asked to rank the categories as “up” or “down.” Various weights are applied to the individual components to form the composite index. A composite index reading of 50 can be thought of as a “swing point.” A reading above 50 implies an increase in economic activity, while a reading below 50 indicates a decline. The ISM report is difficult for economists to forecast because there is little data upon which to base an educated guess. The report has a large “surprise factor” and can cause market swings. Be cautious heading into the release.

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