

MORTGAGE MARKET IN REVIEW

HOMETOWN AMERICA
INCORPORATED

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Market Comment

Mortgage bond prices finished the week lower which put upward pressure on rates. Rates were neutral Monday amid no data. Trading got choppy later in the week as mixed data came our way. Housing starts were weaker than expected Tuesday while consumer confidence was stronger than expected. Q4 Gross Domestic Product rose 2.6% versus the expected 2.3% increase. The FHFA House Price index was in line with forecasts. Weekly jobless claims came in slightly on the upside. Selling pressure emerged later Thursday morning as the Chicago PMI data was 64.7 versus the expected 56.7 mark. Personal income was stronger than expected, spending fell more than expected, and the PCE Core inflation reading was exactly as expected. Mortgage interest rates finished the week with discount points worse by 1/8 to 1/4.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Construction Spending	Monday, March 4 10:00 am, et	Up 0.8%	Low importance. An indication of economic strength. Significant weakness may lead to lower rates.
ISM Index	Tuesday, March 5, 10:00 am, et	57	Important. A measure of manufacturer sentiment. Weakness may lead to lower mortgage rates.
New Home Sales	Tuesday, March 5, 10:00 am, et	660K	Important. An indication of economic strength and credit demand. Weakness may lead to lower rates.
ADP Employment	Wednesday, March 6, 8:30 am, et	218K	Important. An indication of employment. Weakness may bring lower rates.
Trade Data	Wednesday, March 6, 8:30 am, et	\$49B deficit	Important. Affects the value of the dollar. A falling deficit may strengthen the dollar and lead to lower rates.
Factory Orders	Wednesday, March 6, 8:30 am, et	Down 0.3%	Important. A measure of manufacturing sector strength. Weakness may lead to lower rates.
Fed "Beige Book"	Wednesday, March 6,	None	Important. This Fed report details

	2:00 pm, et		current economic conditions across the US. Signs of weakness may lead to lower rates.
Weekly Jobless Claims	Thursday, March 7, 8:30 am, et	218K	Important. An indication of employment. Higher claims may result in lower rates.
Consumer Credit	Thursday, March 7, 3:00 pm, et	\$17B	Low importance. A significantly large increase may lead to lower mortgage interest rates.
Employment	Friday, March 8, 8:30 am, et	4%, Payrolls +270K	Very important. An increase in unemployment or weakness in payrolls may bring lower rates.

Tariffs

Progress on the tariff disputes between the US and China eased last week as U.S. Trade Representative Robert Lighthizer's told the U.S. House Ways and Means Committee that the Administration will "suspend the scheduled tariff increase until further notice." The US had threatened in December to levy a 25% tariff on \$200B of Chinese goods by Saturday. Additional signs that relations are stabilizing could help alleviate some of the wild market swings in both stocks and bonds.

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