

MORTGAGE MARKET IN REVIEW

HOMETOWN AMERICA
INCORPORATED

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Market Comment

Mortgage bond prices finished the week near unchanged to slightly lower which kept rates relatively flat. Rates started the week higher amid no data and reports that US China trade negotiations were progressing. Consumer prices were unchanged versus an expected 0.1% increase. This was mostly attributed to low gas prices which are a nice short-term gift to consumers. The core, which excludes volatile food and energy prices, rose 0.2% as expected. Headline producer prices were lower, but the core rose 0.3% versus an expected 0.2% increase. Weekly jobless claims were higher than expected. Claims came in at 239K versus the expected 225K. Industrial production was weaker than expected and consumer sentiment was stronger than expected. Mortgage interest rates finished the week with discount points near unchanged to worse by 1/8.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
NAHB Housing Index	Tuesday, Feb. 19, 10:00 am, et	58	Moderately Important. A measure of single family housing. Weakness may lead to lower mortgage rates.
Housing Starts	Wednesday, Feb. 20, 8:30 am, et	1260K	Important. A measure of housing sector strength. Weakness may lead to lower rates.
Fed Minutes	Wednesday, Feb. 20, 2:00 pm, et	None	Important. Details of the last Fed meeting will be thoroughly analyzed.
Durable Goods Orders	Thursday, Feb. 21, 8:30 am, et	Up 0.7%	Important. An indication of the demand for "big ticket" items. Weakness may lead to lower rates.
Weekly Jobless Claims	Thursday, Feb. 21, 8:30 am, et	238K	Important. An indication of employment. Higher claims may result in lower rates.
Philadelphia Fed Survey	Thursday, Feb. 21, 10:00 am, et	18	Moderately important. A survey of business conditions in the Northeast. Weakness may lead to lower rates.
Existing Home Sales	Thursday, Feb. 21, 10:00 am, et	5M	Low importance. An indication of mortgage credit demand. Significant

			weakness may lead to lower rates.
Leading Economic Indicators	Thursday, Feb. 21, 10:00 am, et	Up 0.1%	Important. An indication of future economic activity. A smaller increase may lead to lower rates.

Retail Sales Plunge

The US Census Bureau released the retail sales report for December last week and the low figure shocked the financial markets. Retail sales fell 1.2% from the previous month which was the worst reading since the financial collapse around 2008.

The Bureau noted limitations to the survey results such as sampling and non-sampling errors. "Sampling error is the difference between the estimate and the result that would be obtained from a complete enumeration of the sampling frame conducted under the same survey conditions. Nonsampling error encompasses all other factors that contribute to the total error of a sample survey estimate. This type of error can occur because of nonresponse, insufficient coverage of the universe of retail businesses, mistakes in the recording and coding of data, and other errors of collection, response, coverage, or processing. Although nonsampling error is not measured directly, the Census Bureau employs quality control procedures throughout the process to minimize this type of error." Don't be surprised if the recent figure is revised later.

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