

MORTGAGE MARKET IN REVIEW



HOMETOWN
A M E R I C A
INCORPORATED

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Market Comment

Mortgage bond prices finished the week higher which took off some of the recent upward pressure on rates. Despite finishing in positive territory, trading remained very volatile and the Fed's daily MBS buying factored strongly into the positive movements. Inflation pressures tied to rising oil prices subsided a bit as US oil prices hit a 6-week low Wednesday. Recession fears factored into the slight oil price decline mid-week, but prices pushed back higher toward the end of the week which contributed to continued financial market volatility. The data was mixed. Existing home sales came in at 5.41M vs 5.46M. Weekly jobless claims were 229K vs 234K. New home sales were 696K vs 570K. Consumer sentiment came in at 50.0 vs 50.2. Mortgage interest rates finished the week better by approximately 3/8 of a discount point.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Durable Goods Orders	Monday, June 27, 8:30 am, et	Up 0.2%	Important. An indication of the demand for "big ticket" items. Weakness may lead to lower rates.
FHFA House Price Index	Tuesday, June 28, 10:00 am, et	Up 1.4%	Moderately Important. A measure of single-family house prices. Weakness may lead to lower rates.
Consumer Confidence	Tuesday, June 28, 10:00 am, et	101.4	Important. An indication of consumers' willingness to spend. Weakness may

			lead to lower mortgage rates.
Q1 GDP	Wednesday, June 29, 8:30 am, et	Down 1.1%	Very important. The aggregate measure of US economic production. Weakness may lead to lower rates.
Weekly Jobless Claims	Thursday, June 30, 8:30 am, et	222K	Important. An indication of employment. Higher claims may result in lower rates.
Personal Income and Outlays	Thursday, June 30, 8:30 am, et	Up 0.4%, Up 0.4%	Important. A measure of consumers' ability to spend. Weakness may lead to lower mortgage rates.
PCE Core Inflation	Thursday, June 30, 8:30 am, et	Up 0.4%	Important. A measure of price increases for all domestic personal consumption. Weaker figure may help rates improve.
ISM Index	Friday, July 1, 10:00 am, et	55.0	Important. A measure of manufacturer sentiment. Weakness may lead to lower mortgage rates.

Fed Chair

Federal Reserve Chairman Jerome Powell testified to Congress last week and started with a strong statement. Powell noted, "I will begin with one overarching message. At the Fed, we understand the hardship high inflation is causing. We are strongly committed to bringing inflation back down, and we are moving expeditiously to do so. We have both the tools we need and the resolve it will take to restore price stability on behalf of American families and businesses. It is essential that we bring inflation down if we are to have a sustained period of strong labor market conditions that benefit all." He continued, "Against the backdrop of the rapidly evolving economic environment, our policy has been adapting, and it will continue to do so" and "We anticipate that ongoing rate increases will be appropriate; the pace of those changes will continue to depend on the incoming data and the evolving outlook for the economy."

With a high probability of continued inflation pressures in the near-term a cautious approach to float/lock decision is prudent.

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