MORTGAGE MARKET IN REVIEW

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Market Comment

Mortgage bond prices finished the week near unchanged which held rates steady. Rates worsened the beginning of the week, were flat mid-week, and bounced back Friday morning. The data showed tame inflation pressures. The consumer price index came in at 2.7% year-over-year, just above expectations, suggesting inflation is contained for now despite tariff increases. Labor data showed initial jobless claims fell to 221,000, below forecasts and indicative of a still-resilient but gradually cooling jobs market. Overall, the interplay of tariff announcements, steady if softer economic data, and inflation readings drove a defensive tone in fixed-income trading and contributed to moderate volatility across asset classes. Mortgage interest rates finished the week with discount points near unchanged despite the up and down trading.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Leading Economic Indicators	Monday, July 21, 10:00 am, et	Down 0.1%	Important. An indication of future economic activity. Weakness may lead to lower rates.
Existing Home Sales	Wednesday, July 23, 10:00 am, et	4M	Low importance. An indication of mortgage credit demand. Significant weakness may lead to lower rates.
Weekly Jobless Claims	Thursday, July 24, 8:30 am, et	230K	Important. An indication of employment. Higher claims may result in lower rates.
10-year Treasury TIPS	Thursday, July 24,	None	Important. TIPS will be auctioned. Strong

Auction	1:15 pm, et		demand may lead to lower mortgage rates.
Durable Goods Orders	Friday, July 25, 8:30am, et	Down 11%	Important. An indication of the demand for “big ticket” items. Weakness may lead to lower rates.

Existing Home Sales

Existing home sales are a powerful barometer for the overall economy, given their broad ripple effects across financial markets and multiple industries. When existing home sales are strong, it typically reflects consumer confidence, robust job growth, and healthy household finances, all crucial for economic expansion. Since home purchases are significant investments, upticks in sales often translate into heightened demand for related goods and services, from furniture and appliances to renovations, amplifying their economic impact.

These transactions directly support sectors beyond residential real estate. For example, higher sales spur activity for mortgage lenders, real estate brokers, moving companies, contractors, and retailers delivering home-related goods. This spending cascade multiplies through the economy and often leads to job creation and increased corporate revenues. Strong existing home sales can also encourage local governments through elevated property tax collections, increasing fiscal resources for community improvements.

Economists and policymakers watch existing home sales data closely as a forward-looking indicator. Fluctuations in these figures often precede wider changes in consumer behavior or economic cycles; declines in sales might signal waning consumer confidence or affordability issues, serving as early warnings of an economic slowdown. Conversely, consistent growth can suggest underlying strength, prompting adjustments in monetary policy, interest rates, and lending standards. In this way, trends in existing home sales provide both real-time insights and actionable signals for the overall health and direction of the economy.