MORTGAGE MARKET IN REVIEW

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HOMETOWN AMERICA INCORPORATED

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Market Comment

Mortgage bond prices finished the week a little higher, which put some downward pressure on rates. The U.S. mid-term election results garnered a lot of attention. Stocks rallied and fell precipitously Wednesday and Thursday as the future of AI and datacenters took center stage. Yields improved most of the week but saw some upward pressure Friday morning tied to the strong employment report. The data showed strength with little price pressures. ISM Index was 55.5 vs 54.6. Factory orders rose 1.8% vs 1.2%. ADP employment rose 86K vs 69K. The trade deficit was $105B vs $108B. Weekly jobless claims were 189K vs 196K. Productivity rose 3.6% vs 2.8. Unemployment was 4.1% vs 4.2%. Payrolls rose 165K vs 65K. Average hourly earnings rose 0.4% vs 0.3%. Mortgage interest rates finished the week better by approximately 1/8 to 1/4 of a discount point.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Treasury Auctions Begin	Monday, Nov. 9, 1:15 pm, et	None	Important. 3Y Notes on Monday,10Y Notes on Tuesday, and 30Y bond on Thursday.
Weekly ADP Employment	Tuesday, Nov. 10, 8:30 am, et	16.9K	Important. An indication of employment. Weakness may bring lower rates.
Consumer Price Index	Tuesday, Nov. 10, 8:30 am, et	Up 0.3%, Core up 0.2%	Important. A measure of inflation at the consumer level. Weaker figures may lead to lower rates.
Weekly Jobless Claims	Thursday, Nov. 12, 8:30 am, et	195K	Important. An indication of employment. Higher claims may result in lower rates.

Existing Home Sales	Thursday, Nov. 12, 10:00 am, et	3.98M	Low importance. An indication of mortgage credit demand. Significant weakness may lead to lower rates.
Producer Price Index	Friday, Nov. 13, 8:30 am, et	Up 0.3%, Core up 0.3%	Important. An indication of inflationary pressures at the producer level. Lower figures may lead to lower rates.

Globalization

Economic globalization is the increasing interdependence of national economies through trade, finances, and technology. While economists debate the pros and cons of globalization, the fact remains that globalization is not new and continues to expand.

As a driving force in the global economy, the US often benefits when foreign economies struggle. Investors often move funds to safe havens in what is called a “flight to quality” in uncertain times. US debt instruments saw an influx of foreign investment historically amid concerns of nations defaulting on their debt and various banking institutions struggling. For example, investors moved into US debt instruments such as Treasuries and mortgage-backed securities amid economic sanctions on Russia after the invasion of Ukraine in 2022. Bond prices rose, which caused mortgage interest rates to fall. It was great for U.S. homebuyers and those refinancing if they took advantage of the decline in rates. However, what goes up often comes down. We have historically witnessed times when that pattern reverses.

Nobody can say with certainty where mortgage rates will be in the long-term. The Fed’s effort to get inflation in check remains key. Their goal is to get inflation back to the 2% target and as they do so mortgage rates will eventually trend downward. However, in the short term there are no guarantees. Any hints of increased inflation will cause rate spikes. Therefore, a cautious approach to float/lock decisions is prudent.

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