

# HOUSING NEWSLETTER

The Week's Most Important Housing News

A message from Nickolas Inhelder:

## We Make Home Happen.™

Our goal is simple:

To help every family we serve get to “Yes.”

**Yes** to the loan that unlocks the joy of home ownership.

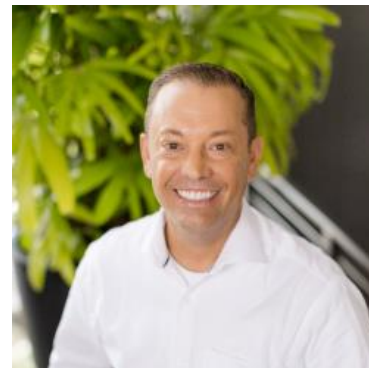
**Yes** to the lending solution that meets every client's unique needs and wants.

That's why we dedicate our every resource to serve as your personal guide through the lending process, solving problems, building confidence. Aslan has access to every lending option leading to the purchase or refinance of a residential home loan.

This is more than work for us. It is our unique joy in this life to share our collective skill, creativity, and care to bring you and your family right to where you belong.

Let's make home happen.

**CONTACT ME TODAY**



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## Time to Start Thinking About Incredibly High Volatility Potential

This newsletter series spent 3 straight weeks trying to remind readers that mortgage rates could go higher after the Fed rate cut, and then several more weeks warning about the high stakes jobs report. We had no way of knowing how the future would play out then, and that continues to be the case, but it's time to get the next big warning on the table.

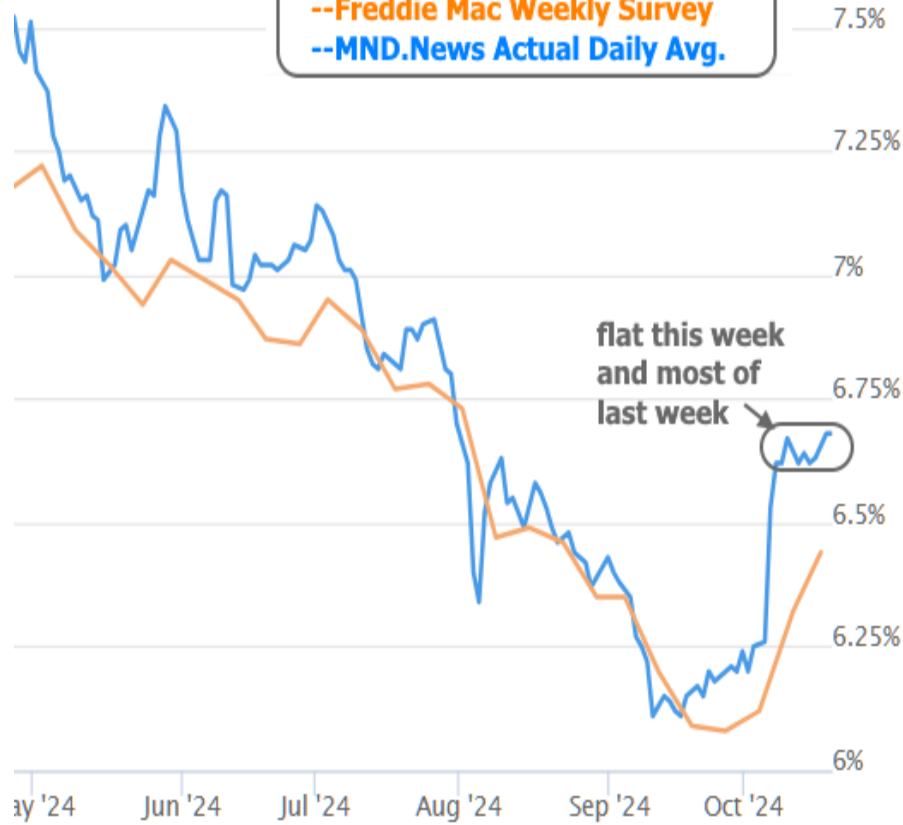
The past 5 months have seen some decent examples of volatility in financial markets, including mortgage rates. But the past week and a half has done a lousy job of preparing us for what could be a staggeringly volatile November.

Despite some headlines suggesting sharply higher mortgage rates this week (due to Freddie Mac's delayed weekly index), things have actually been mostly sideways since last Monday. That was the next business day after the big jobs report earlier in the month. Those two days accounted for 0.36% of upward movement in mortgage rates and we've stayed inside a 0.06% range ever since, according to MND's daily rate index.

### 30yr Fixed Mortgage Rate Indices

--Freddie Mac Weekly Survey

--MND.News Actual Daily Avg.



If you were tuned into interest rate and market movements in 2020-2022, you've already seen some real volatility. While potential isn't always realized, it's important to understand that the first 6 days of November could bring big changes to the market.

This isn't too hard to believe given all that can change after a presidential election, but the same 6 day window will also play host to another jobs report that's just as important as the last one. That data comes out the day after the election.

The following Wednesday brings the next Fed rate announcement, which has at least some chance to result in "no rate cut" after a double-sized cut at the last meeting. This is actually the least important ingredient in November's volatility cocktail, but largely because the market will try to adjust for the Fed ahead of time based on how the jobs report comes out.

Using 10yr Treasury yields as a benchmark for interest rate movement, let's refresh our memories as to the potential volatility associated with elections and the major policy changes that can follow (like the tax bill in late 2017).

## 10yr Treasury Yield

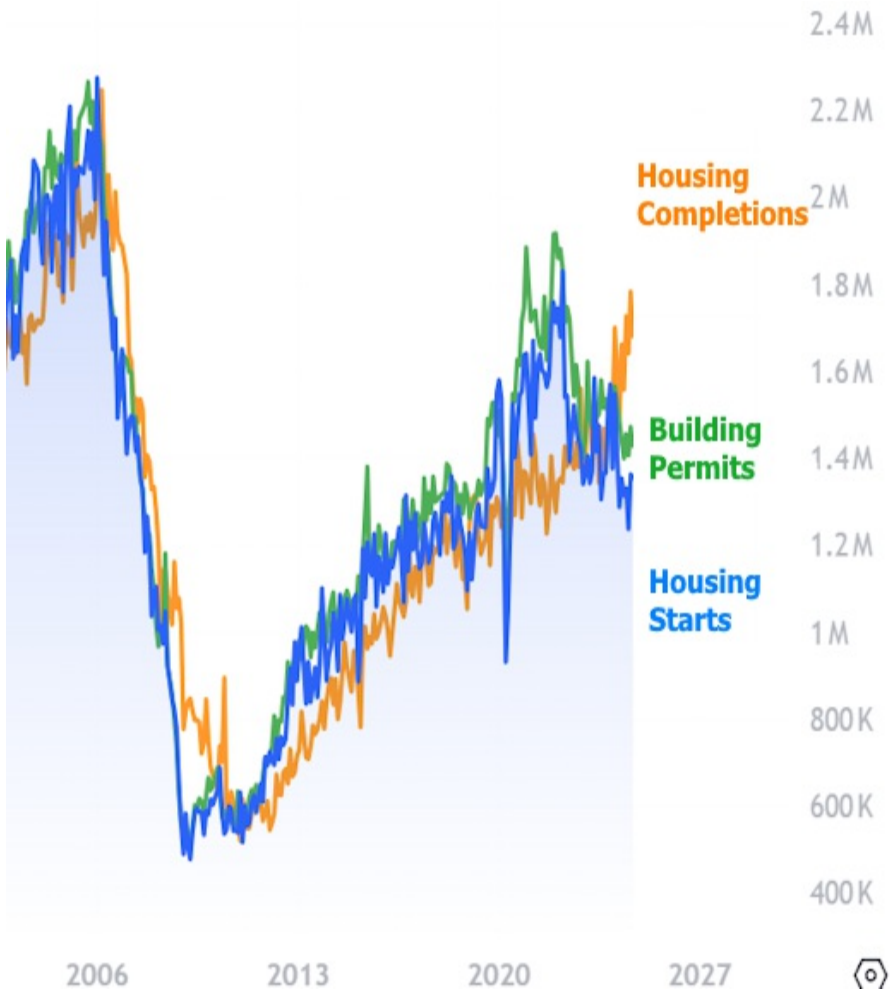


In this context, the election wasn't the biggest source of volatility, but in outright terms, it saw rates increase by over 1% with a majority of that occurring in the first few weeks. We'll dig into this topic a bit more next week, but for now, just be ready for a big move in either direction.

As for this week, it was forgettable enough that we don't need to spend any more time on it. Nonetheless, we had some charts ready to go and everyone likes charts. So here they are... submitted without (much) comment:



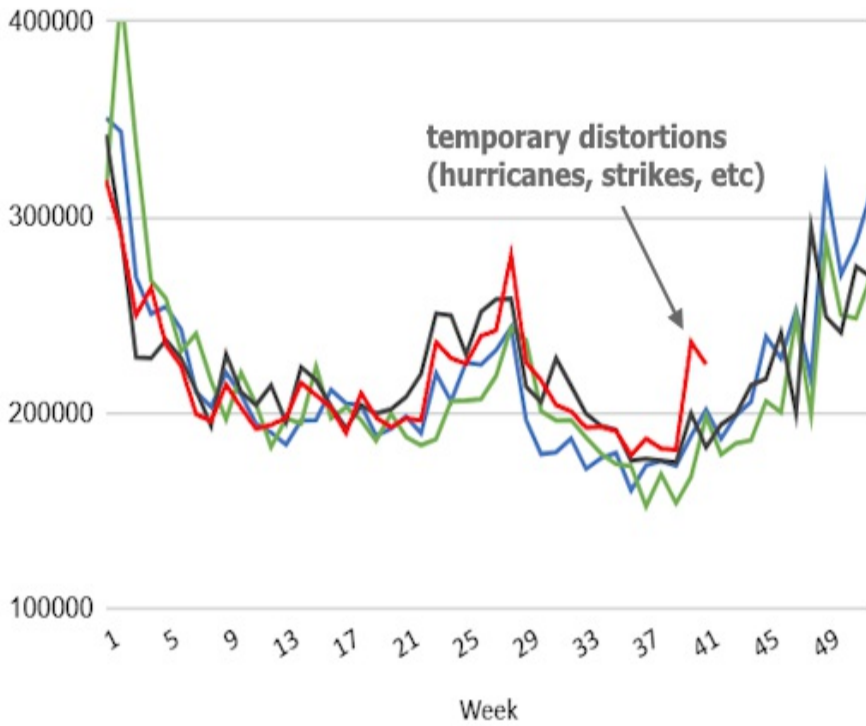
The chart above covers the 3 main components of the Census Bureau's new residential construction report. The chart below is the same thing on a longer timeline. The only interesting thing to see here is the different takeaways about the construction side of the housing industry depending on permits/starts versus actual completions.



The next two charts focus on Thursday morning's econ data (the only day of the week with important data). Jobless Claims remained elevated, which would have helped bonds if they weren't elevated for temporary reasons. Moreover, traders expected claims to come in even higher.

### Jobless Claims, Week by Week, Not Seasonally Adjusted

2019 2022 2023 2024



The Philly Fed Index was much higher than expected, adding additional upward pressure for rates, albeit on a small scale in the bigger picture.

