

# HOUSING NEWSLETTER

The Week's Most Important Housing News

SOLD

FOR SALE

## Mortgage Rates Closing in on 4 Month Lows

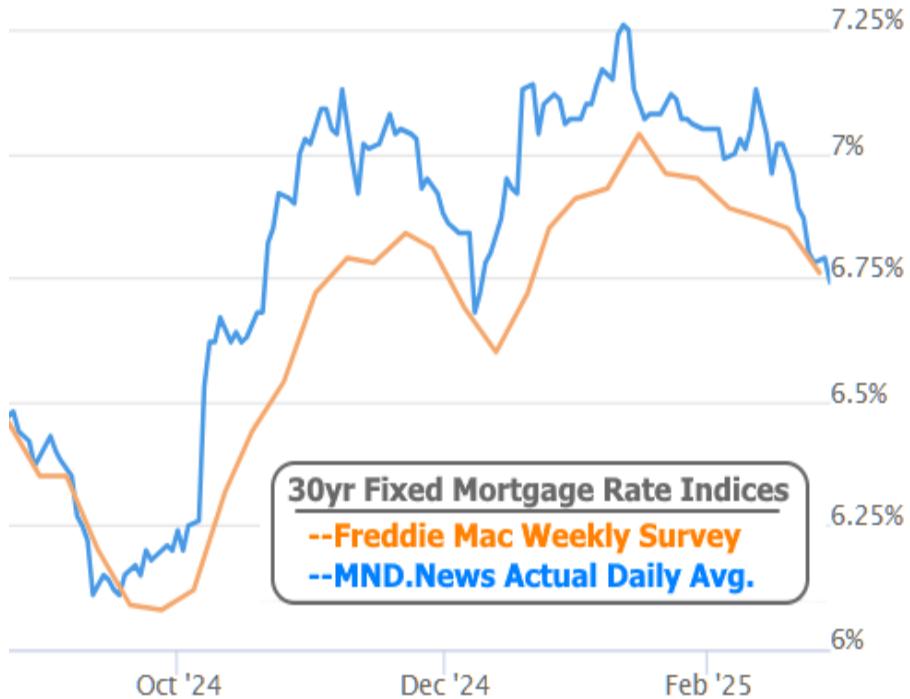
Rates have been almost perfectly consistent in moving lower since February 13th and broadly consistent since January 15th. There's one big reason for that and it's simpler than you might think.

We'll set the stage with a quick look at Treasuries, which serve as a benchmark for other interest rates like mortgages. The chart uses "candlesticks" because they show an entire day's worth of movement in a single symbol. The bigger the green candle, the better the day was rates.

### 10 Year Treasury



In terms of mortgage rates, this brings the average lender to the best levels since early December, and very close to the best levels since October.



Inflation may be the biggest consideration for rates at the moment, but it's not the only consideration. Over the past week, there's been a much greater tendency for rates to move in concert with stock prices. NOTE: this is NOT a reliable correlation over time. Rates can often move the opposite direction from stocks if the market is reacting to Fed policy (i.e. the promise of faster Fed rate cuts could help stocks move higher while rates move lower, for instance). But when something like the economic outlook is driving trade, concerns over economic weakness can push stocks and rates lower.



To reiterate how imperfect this correlation can be, simply consider a longer time frame of the exact same data:

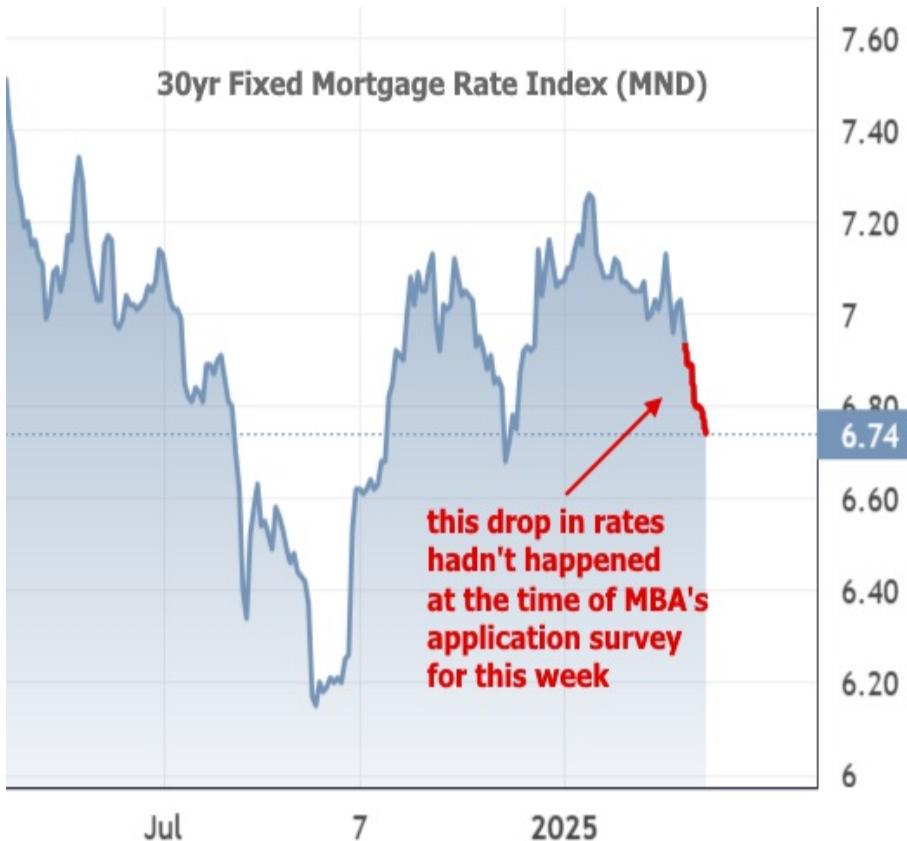


This week's other economic data was of little-to-no consequence to rates, but may still be interesting to those with a stake in the mortgage/housing markets. Full stories are linked in the "Around the Web" section of the newsletter, but here's a quick chart-focused preview of that news:

Mortgage refinance applications moved slightly LOWER according to the MBA until you consider that most of the recent improvement in rates happened after those survey responses were collected.



### 30yr Fixed Mortgage Rate Index (MND)

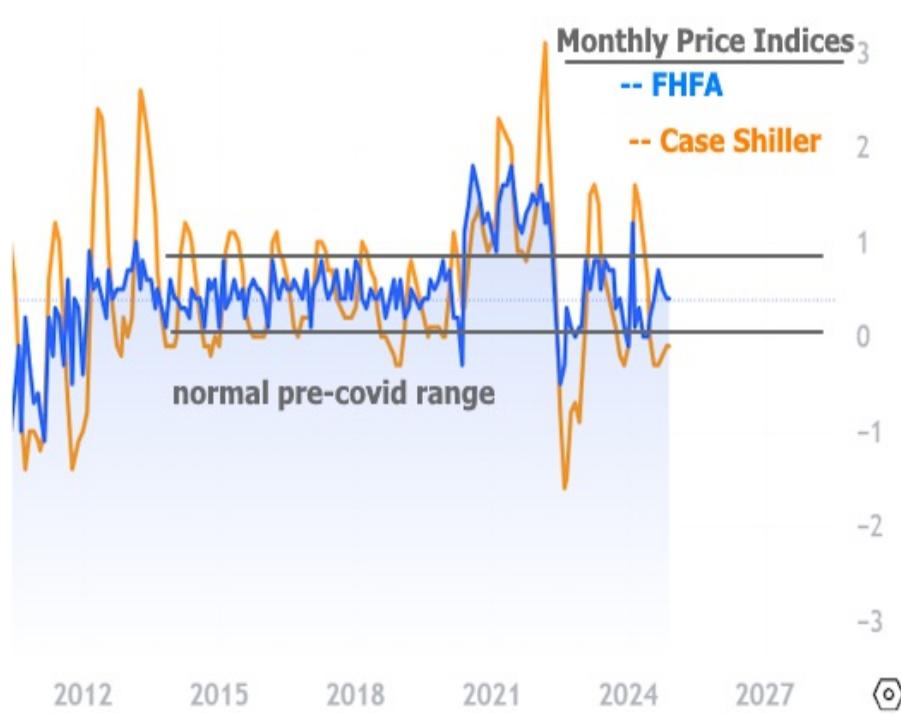
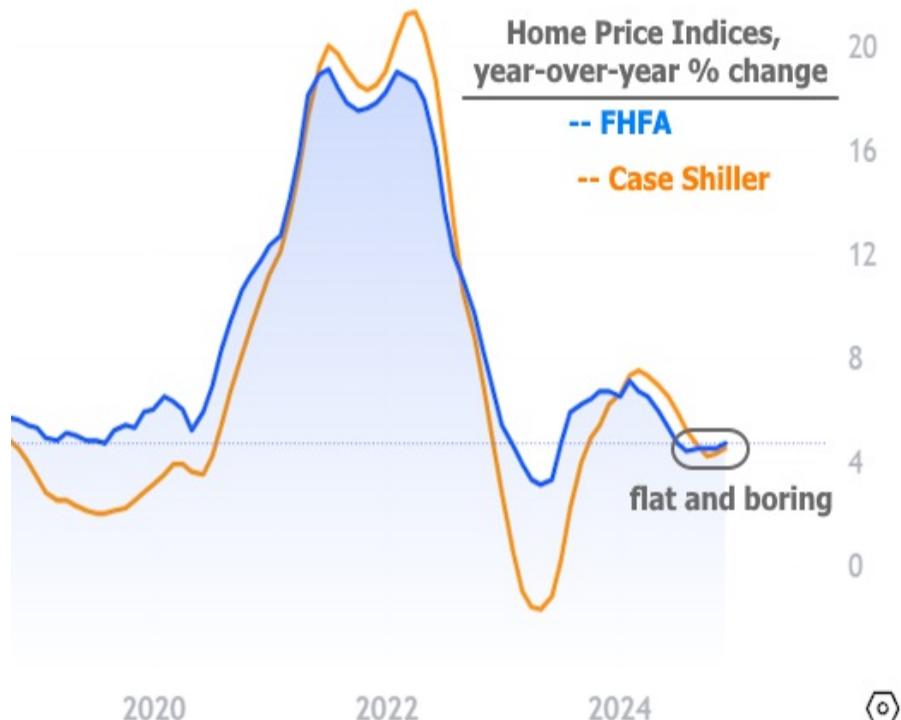


The Census Bureau reported New Home Sales for January, and while the total fell by a seemingly significant 10.5%, the margin of error is high, and the pace of sales remains calmly in line with most of the past 8-9 years (apart from the post-covid spike).

### New Home Sales



Home price appreciation remains very boring and very much in line with prevailing pre-pandemic levels, whether viewed in annual or monthly terms.



The week ahead brings the most highly consequential slate of economic data on any given month culminating in the big jobs report on Friday. If the jobs report falls far enough from forecasts, it can have just as big of an impact as the various inflation reports discussed above. Several other reports throughout the week are strong supporting actors. If the data is unified in its message about economic growth or contraction, rates would almost certainly be moving in the implied direction (weaker economy = lower rates, stronger economy = higher rates).