



MORTGAGE STRATEGISTS
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Market Update for January 16, 2024

Current Trends in the Housing Market and Economy

Economic Influences on Mortgage Bonds

- Both stocks and mortgage bonds are lower today.
- The European Central Bank (ECB) members don't foresee rate cuts soon, impacting bond markets.
- Atlanta Fed President Raphael Bostic emphasized that inflation should be consistently close to their 2% target before considering rate cuts. He also expressed concerns about geopolitical conflicts potentially affecting inflation.

Rental Market Update

- According to CoreLogic, rent prices have increased slightly, now up by 2.7% compared to last year.
- This increase is modest, especially when compared to last year's 7.5% rise.
- The recent Consumer Price Index (CPI) report indicated a 6.2% increase in shelter costs. However, due to a lag in data, actual increases might be around 3.5%, suggesting that core CPI and Core PCE (Personal Consumption Expenditures) might be overstated.

Manufacturing Industry Insights

- The NY Manufacturing Index, an indicator of the manufacturing sector's health, showed its lowest level since 2001, excluding the COVID period.
- This suggests that the manufacturing sector is currently in a recession.

Upcoming Economic News

- Key reports and events to watch include Mortgage Applications, Retail Sales, the NAHB Housing Market Index, and housing-related data like Housing Starts, Permits, and Existing Home Sales.

Mortgage Market Technical Analysis

- Mortgage bonds have been stable, closely following the 25-day Moving Average for the past two weeks.
- There's potential for bonds to rise before meeting the next major resistance level.
- The 10-year yield is at 4%, also near its 25-day Moving Average. Breaking above this could encounter resistance at the 200-day Moving Average.



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- Given these observations, it might be wise to continue floating (not locking in a mortgage rate) for now, as there could be favorable movements in the rates soon.

About Today's Lock Commentary...

The views and commentary are provided by Matt Robertshaw, an industry veteran of over 20 years. The views on rates come from an Originator's point of view, seeing each loan as a real person with a real desire to save some money or improve their rate situation – not a hedge fund where we “manage risk” and “take some loans off the table”. These views, while heavily researched, are still the opinion of Matt and the Mortgage Strategists. Please do your own due diligence when it comes to locking or floating a mortgage rate.

Matt is a licensed Mortgage Loan Originator in the state of Texas, licensed under NMLS 925153.