

The Housing Market Update

Schaefer Mortgage

1/23/2012



Existing Home Sales Rose 5% in December:

Home sales rose in December to the highest pace in nearly a year. The gain coincides with other signs that show the troubled housing market improved at the end of last year.

The National Association of Realtors said Friday that sales increased 5 percent last month to a seasonally adjusted annual rate of 4.61 million, the best level since January 2011 and the third straight monthly increase.

Sales are increasing at a time when the market is flashing other positive signs. Mortgage rates are at record-low levels. Homebuilders have grown slightly less pessimistic because more people are saying they might be open to buying a home this year. And home construction picked up in the final quarter of last year.

The median sales price rose 2.3 percent to \$164,500 in December.

Brought to you by:



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What Happened to Rates Last Week?



Mortgage backed securities (MBS) lost -91 basis points from last Friday to the prior Friday which moved mortgage rates upward.

The biggest economic surprise was the large decrease in the weekly Initial Jobless Claims data which is certainly positive for the economy, but negative for bonds.

But the real catalyst was a change in market sentiment that Greece's bond holders were close to accepting the new terms of a "voluntary" hair cut of 60% to 70% on what they are owed. This removed some of the "fear factor" premium in bonds that have kept mortgage rates artificially low for the past 8 weeks.

What to Watch Out For This Week:

The following are the major economic reports that will hit the market this week. They each have the ability to affect the pricing of Mortgage Backed Securities and therefore Government and Conventional mortgages.

I will be watching these reports closely for you and let you know if there are any big surprises:



Description: Description: Description: Description: image

Date	Time	Economic Release
24-Jan	10:00	Richmond Fed Manufacturing Index
25-Jan	7:00	MBA Mortgage Applications
25-Jan	10:00	Housing Price Index (MoM)
25-Jan	10:00	Pending Home Sales (MoM)
25-Jan	10:30	EIA Crude Oil Stocks change
25-Jan	14:15	Fed Interest Rate Decision
26-Jan	8:30	Continuing Jobless Claims
26-Jan	8:30	Durable Goods Orders
26-Jan	8:30	Durable Goods Orders ex Transportation
26-Jan	8:30	Initial Jobless Claims
26-Jan	10:00	Leading Indicators (MoM)
26-Jan	10:00	New Home Sales
26-Jan	10:00	New Home Sales (MoM)
27-Jan	8:30	Gross Domestic Product Annualized
27-Jan	8:30	Gross Domestic Purchases Price Index
27-Jan	8:30	Real Personal Consumption Expenditures (QoQ)
27-Jan	9:55	Reuters/Michigan Consumer Sentiment Index

It is virtually impossible for you to keep track of what is going on with the economy and other events that can impact the housing and mortgage markets. Just leave it to me, I monitor the live trading of Mortgage Backed Securities which are the only thing government and conventional mortgage rates are based upon.

Quote of the week:

“ More buyers coming into the market mean additional benefits for the overall economy. When people buy homes, they stimulate a lot of related goods and services

NAR President Moe Veissi

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