

The Housing Market Update

Schaefer Mortgage

03/26/2012



U.S. Economy May Finally be on the Path Toward a Strong Recovery

After the false starts of 2010 and 2011, the U.S. economy may finally be on the path toward a strong recovery, Lawrence Summers, former Treasury secretary and currently Charles W. Eliot University Professor at Harvard, wrote in an opinion piece in the Financial Times on Monday.

In the springs of 2010 and 2011, many observers who thought they detected evidence that the economy had decisively turned around were disappointed a few months later, Summers wrote.

"Several considerations suggest that this time may be different," he said.

Among them, he listed employment growth that has been running "well ahead" of population growth for some time, a higher U.S. stock market, and the fact that expected market volatility is "lower than at any time since 2007."

He also cited pent-up demand from consumers who have long put off purchases of new cars and other durable goods, and signs that the housing market is beginning to stabilize.

"For years now, the rate of new families setting up households has been well below normal as more and more young people have moved in with their parents," Summers wrote. "At some point they will set out on their own, creating a virtuous circle of a stronger housing markets, more 'family formation' that boosts demand, further improvement in housing conditions and so on."

What Happened to Rates Last Week?



Mortgage backed securities (MBS) gained a very modest +8 basis points from last Friday to the prior Friday which helped mortgage rates to pull back from their highs (Mortgage rates have an inverse relationship to mortgage backed security prices).

We saw our highest mortgage rates of 2012 on Tuesday.

This was primarily due to the continued sell off of Treasuries and mortgage backed securities by banks that were no longer forced to hold them after passing the latest "stress test" by the Fed.

We had a mixed bag of housing data as there was a pickup in Housing Starts and Building Permits but Existing Home Sales came in lighter than market expectations.

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, interest rates for Government and Conventional mortgages.

Brought to you by:



Lynne Haney

Licensed Mortgage Originator

Cell: 603-491-9253

lhanev@schaefermortgage.com

www.lynnhaney.com

Licensed by the NH Banking Dept.

Licensed Mortgage Originator, NMLS 162534

NH Licensed Originator (NH162534)
MA Licensed Originator (MLO162534)
ME Licensed Originator (ME162534)
VT Licensed Originator (VT162534)

Manchester Branch

NMLS #139493, NH 14542-MB-BCH,
MA ML1919-100, ME SLB11781
VT 6248

Schaefer Mortgage Corp. -

NMLS #1919, MA ML1919-100, ME LM2541,
VT 6176



Date	Time	Economic Release	Actual	Cons. Estimate	Prior
26-Mar	10:00 AM	Pending Home Sales	-	0.50%	2.00%
27-Mar	9:00 AM	Case-Shiller 20-city Index	-	-3.80%	-4.00%
27-Mar	10:00 AM	Consumer Confidence	-	70	70.8
28-Mar	7:00 AM	MBA Mortgage Index	-	NA	-7.40%
28-Mar	8:30 AM	Durable Orders	-	2.50%	-3.70%
28-Mar	8:30 AM	Durable Orders -ex Transportation	-	1.00%	-3.00%
28-Mar	10:30 AM	Crude Inventories	-	NA	-1.160M
29-Mar	8:30 AM	Initial Claims	-	350K	348K
29-Mar	8:30 AM	Continuing Claims	-	3385K	3352K
29-Mar	8:30 AM	GDP - Third Estimate	-	3.00%	3.00%
29-Mar	8:30 AM	GDP Deflator - Third Estimate	-	0.90%	0.90%
30-Mar	8:30 AM	Personal Income	-	0.40%	0.30%
30-Mar	8:30 AM	Personal Spending	-	0.60%	0.20%
30-Mar	8:30 AM	PCE Prices - Core	-	0.10%	0.20%
30-Mar	9:45 AM	Chicago PMI	-	62	64
30-Mar	9:55 AM	Michigan Sentiment - Final	-	74.3	74.3

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

“ For years now, the rate of new families setting up households has been well below normal as more and more young people have moved in with their parents, at some point they will set out on their own, creating a virtuous circle of a stronger housing markets, more 'family formation' that boosts demand, further improvement in housing conditions and so on

Lawrence Summers, former Treasury secretary