

# The Housing Market Update

Schaefer Mortgage

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## Consumer Sentiment Best Levels in 4 Years:



U.S. consumer sentiment rose to its highest level in more than four years in early May as Americans remained upbeat about the job market, a survey released on Friday showed.

The Thomson Reuters/University of Michigan's preliminary May reading on the overall index on consumer sentiment improved to 77.8 from 76.4 in April, topping forecasts for 76.2. It was the highest level since January 2008.

Despite the recent slowdown in job growth, nearly twice as many consumers reported hearing about new job gains than said they had heard about recent job losses, the survey said.

The data suggests that either more positive numbers on the labor market will be seen soon, or that consumers have ratcheted up their expectations too high, survey director Richard Curtin said in a statement.

Housing demand is very closely tied to Consumer Sentiment reading, so this is more great news to go along with fantastic mortgage rates as the busy purchase season ramps up.

## What Happened to Rates Last Week?



Mortgage backed securities (MBS) lost -11 basis points from last Friday to the prior Friday which caused mortgage rates to increase slightly from the beginning of the week. However, they remained near the best levels of 2012.

The highest rates of the week were on Friday and the lowest rates of the week were on Tuesday.

MBS were pressured lower (higher rates) on better than expected U.S. economic news. The Mortgage Industry Index, Initial Jobless Claims and Consumer Sentiment were all better than market expectations. However, MBS also received a lot of support with strong demand for the 30 year U.S. Treasury Bond and heightened concern over the future of Europe. This concern caused U.S. based bonds such as mortgage backed securities to be in high demand as a safe way to park your money.

## What to Watch Out For This Week:

Brought to you by:



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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.

Date	Time (ET)	Economic Release	Actual	Estimate	Prior
15-May	8:30 AM	Retail Sales	-	0.20%	0.80%
15-May	8:30 AM	Retail Sales ex-auto	-	0.20%	0.80%
15-May	8:30 AM	CPI	-	0.00%	0.30%
15-May	8:30 AM	Core CPI	-	0.20%	0.20%
15-May	8:30 AM	Empire Manufacturing	-	8.4	6.6
15-May	9:00 AM	Net Long-Term TIC Flows	-	NA	\$10.1B
15-May	10:00 AM	Business Inventories	-	0.30%	0.60%
15-May	10:00 AM	NAHB Housing Market Index	-	26	25
16-May	7:00 AM	MBA Mortgage Index	-	NA	1.70%
16-May	8:30 AM	Housing Starts	-	680K	654K
16-May	8:30 AM	Building Permits	-	730K	747K
16-May	9:15 AM	Industrial Production	-	0.50%	0.00%
16-May	9:15 AM	Capacity Utilization	-	79.00%	78.60%
16-May	10:30 AM	Crude Inventories	-	NA	3.652M
16-May	2:00 PM	FOMC Minutes	-	-	-
17-May	8:30 AM	Initial Claims	-	365K	367K
17-May	8:30 AM	Continuing Claims	-	3250K	3229K
17-May	10:00 AM	Philadelphia Fed	-	8.8	8.5
17-May	10:00 AM	Leading Indicators	-	0.20%	0.30%

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.