



The Fed Speaks— Amid Chaos

The past month was the best example of an axiom we have always followed — you can't predict the future. It looked like the Federal Reserve Board was locked into a rate cut before they met. Then we had several things come up. The trade war rhetoric started to ease. Oil fields were attacked in Saudi Arabia and oil prices spiked. Meanwhile, after falling for several months, interest rates spiked upward.

These events would prove to make the Fed meeting a bit more interesting. We went from 95% of analysts predicting an interest rate cut, to 65% in just a few days. Even so, the markets were not particularly surprised by the .25% rate cut decision. In the absence of a surprise, there was little reaction in the markets--though the action did take a bit of steam out of the recent rate spike.

When there is no surprise, there is more attention paid to the Fed's statement following their meeting. In this case, the markets were hanging on every word, especially in light of recent events. The statement was also pretty much as expected. It talked about the economic headwinds the economy faces which supported the rate cut decision.

With regard to future rate cuts, this is where the Fed must be transparent, but also vague. Thus, while they may see future rate decreases, they did not say if they will happen this year and they also indicated that the future direction of the economy and trade wars will guide them as the year progresses. The next Fed meeting is in late October and the minutes of this meeting will be released before that meeting. Perhaps we will know more by then... □



Good Times For Buyers

Now could be the best time to buy a home since early 2017 as rates on home loans have eased to help home affordability reach an 18-month high.



But while home prices have been accelerating at a slower pace for the past 15 months, that factor appears to be easing, with potentially higher price growth ahead. So, we are potentially at something of a sweet spot with the average-priced home requiring 21.3% of the median household income, down from 23.3% in November 2018.

Black Knight's Mortgage Monitor Report shows that the affordability landscape has changed significantly. Black Knight Data & Analytics President Ben Graboske noted: "Today's lower interest rates have worked out to a \$108 lower monthly payment when purchasing the average-priced home." Graboske added that the homebuying power of first-time buyers of an average-priced home has been boosted by around 15% due to the lower rates. ... □

Source: Black Knight

Selected Interest Rates

September 19, 2019

- 30 Year Mortgages——3.73%
- 2019 High (Jan 3)——4.51%
- 2019 Low (Sept 5)——3.49%
- 15 Year Mortgages——3.21%
- 5/1 Hybrid ARMs——3.49%
- 10 Year Treasuries——1.77%

Sources—Fed Reserve, Freddie Mac
 Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.

Homeowners Are Happier

A new survey has found the vast majority of homeowners are highly satisfied with owning their residences and would never go back to renting.

According to the report that polled 1,919 adults, 93% of respondents said they were happier because they bought a home, with 88% stating it was the best decision they have ever made and 79% claiming that owning a home has changed them for the better. Two-thirds of respondents who are homeowners said their relationships with family and loved ones have changed for the better since purchasing a home, and 78% are satisfied with the quality of their social life—a higher share than the 58% of prospective homebuyers who were quizzed on the quality of their social life.

As for giving up homeownership, 83% of respondents that own a residential property said they would never go back to renting. "We know how much homeownership means, and we see examples every day of how owning a home gives our clients the power to build personal wealth and make memories," said D. Steve Boland, head of Consumer Lending at Bank of America... □

Source: NP Magazine

Did You Know...

Home shoppers may be able to breathe a sigh of relief. They're facing fewer bidding wars for the homes they want to buy. About 10% of offers written by Redfin real estate agents on behalf of their customers faced a bidding war in August, down from higher than 42% a year earlier, according to the brokerage's index that measures competitive offers nationwide. August's percentage is also the lowest bidding-war rate on record since at least 2011. The national rate of bidding wars peaked at 59% in March 2018, but has since been dropping. Source: Redfin

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