

# Market Minute: April 15, 2019

---

## Housing/Real Estate Market

**Homebuyers more optimistic:** As rates dipped down to just 4% during the first quarter, homebuyer sentiment has improved. Fannie Mae reports that the number of Americans who believe that it is a good time to buy increased by 5.5 points in March. Although C.A.R.'s own research shows that California homebuyers remain less optimistic, this report does show that general conditions did improve to start 2019.

**New home purchase applications increased 7% from a year ago:** Despite strong year-to-year growth, the Mortgage Bankers Association (MBA) estimates that new single-family homes purchase mortgage applications fell 2% from February. However, on an unadjusted basis, new home sales in March 2019 increased 11.9%. In other words, home sales are enjoying the seasonal increase from winter to spring, but that increase is purely seasonal in nature and not indicative of a rising sales trend.

### Upcoming Data Releases

- C.A.R. Sales & Price – 4/16/19
- NAHB Index – 4/16/19
- Industrial Production – 4/16/19
- Bus. Inventories – 4/16/19
- Trade Balance – 4/17/19
- Retail Sales – 4/18/19
- Leading Index – 4/18/19
- Housing Starts – 4/19/19
- Building Permits – 4/19/19
- State Employment – 4/19/19

## Macro Economy

**Consumer price index had its biggest increase in 14 months:** The latest CPI data indicated a slight uptick in inflation for the month of March. However, further analysis revealed that it was mainly driven by gas prices and a minor increase in food costs. In fact, inflation has tapered off after a sharp run-up a year ago as global economic uncertainty rises, meaning that the Fed will move more slowly on rates than originally anticipated.

**Small business optimism edged up by 0.1 points:** The Small Business Optimism Index rose 0.1 point to 101.8 in March indicating that business owners' optimism remains high, although it is down from last year. The percentage of those reporting that now is a good time to expand increased to 22.6%. Still, only 10.8% of firms expect the economy to improve and is consistent with a slower forecast for economic growth in 2019.

**Job openings fall to 7.1 million:** Job openings fell sharply in February, to the lowest level in nearly a year (since March 2018). According to the U.S. BLS, job openings declined 538,000, but only added 33,000 new jobs in February, which is the smallest increase in a year and a half. While it seems that hiring might have recovered in March as the U.S. added 196,000 new jobs, this is evidence that firms are taking a slower approach to recruitment this year.

## Real Estate Finance

**Mortgage rates inch up:** Freddie Mac's Primary Mortgage Market Survey® (PMMS®) showed that mortgage rates rose modestly this past week with the 30-year fixed-rate averaging 4.12 percent, which is 6.8% lower than it was a year ago.

**Mortgage applications dipped 5.6% from a week earlier:** Mortgage applications have fallen as rates have edged back up. The Refinance Index also saw a decrease (11%) when compared to the week prior, which is consistent with slightly higher rates. Purchase applications actually increased by 1% showing that the sales environment isn't on the precipice, but this also shows that home sales are not poised to rebound sharply either.

**Mortgage delinquencies are down:** Although consumer debt has seen more credit issues of late, mortgage delinquencies remain low. In fact, CoreLogic reports the lowest levels of serious delinquencies in more than 1 year.