



Shannon Christenot

Mortgage Broker Los Angeles CA, HomePlus Mortgage

NMLS 278136 Cal BRE 01848925

700 Flower St #1000 Los Angeles, CA 90017

Office: (818) 601-2231

shannon@shannonchristenot.com

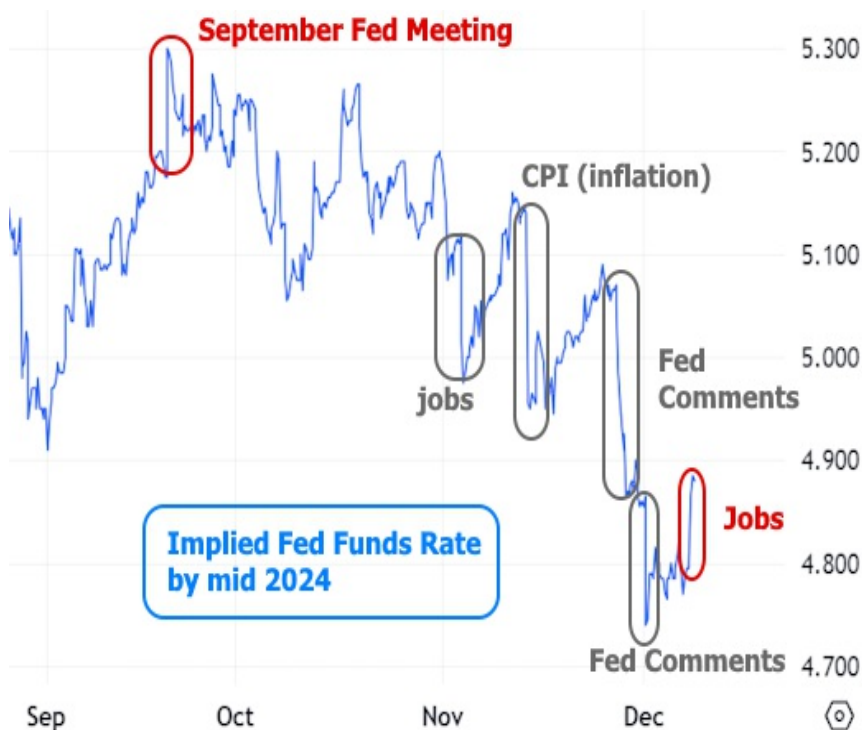
[View My Website](#)

What's at Stake With Next Week's Fed Announcement and Inflation Data?

It was mostly a great week for mortgage rates with the average lender near the best levels in months through Thursday. Friday's jobs report pushed rates back up a bit, but not excessively. Next week's two big ticket events could set the tone for the rest of the year. Ultimately, that's exactly what's at stake.

Is it melodramatic to say that the scheduled events in a 48 hour window could set the tone for the rest of the year? Not at all, actually. Rates have been reliably reacting to the same set of inputs for months and if this past week is any indication, it doesn't show signs of stopping.

We can observe these reactions in both long and short term rates. The shortest-term rate is that set by the Fed itself. Since the market is certain the Fed Funds Rate won't change for at least several months, let's take a look at the futures contract that estimates the June 2024 level. The chart shows the same categories of events (Fed communications, jobs, and inflation) having the biggest impacts.



Let's zoom in to focus on this week's movement specifically. There were two key reports that generated both movement and volume: Job Openings on

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.27%	-0.02	0.00
15YR Fixed	6.92%	-0.03	0.00
30YR FHA	6.90%	-0.01	0.00
30YR Jumbo	7.55%	0.00	0.00
7/6 SOFR	6.78%	-0.10	0.00
30YR VA	6.91%	-0.01	0.00

Rates as of: 10/30

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.81	-0.02
10 YR Treasury	4.9299	+0.0084
30 YR Treasury	5.3082	+0.0081

Pricing as of: 10/30 5:59PM EST

Recent Housing Data

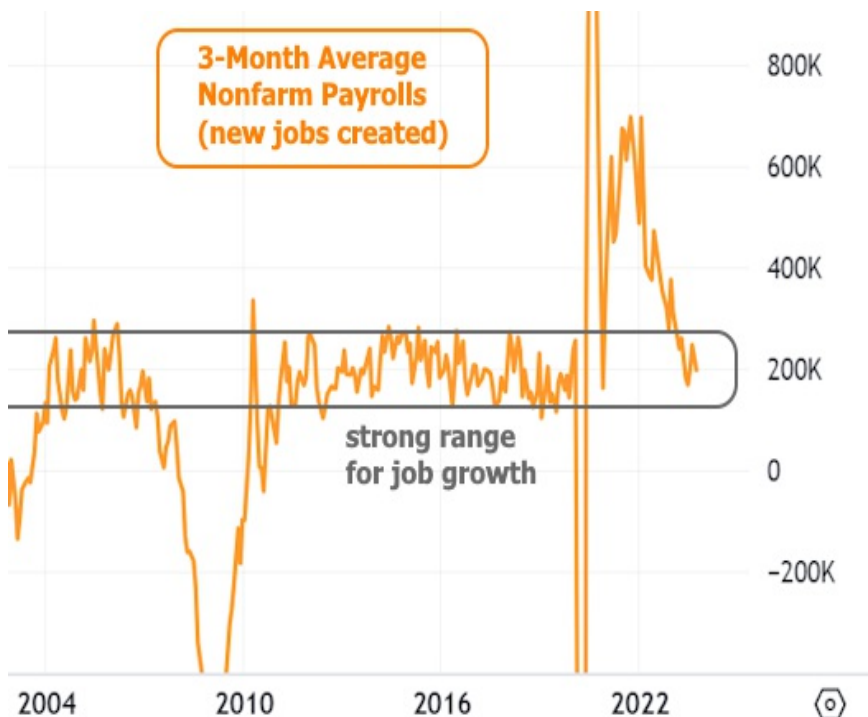
		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

Tuesday and the big jobs report on Friday.

Job openings remain historically high, but have been moving in a rate-friendly direction. The Fed wants to see the labor market cool off a bit or it worries that inflation will be harder to control. That's why this week's job openings data helped rates move lower.



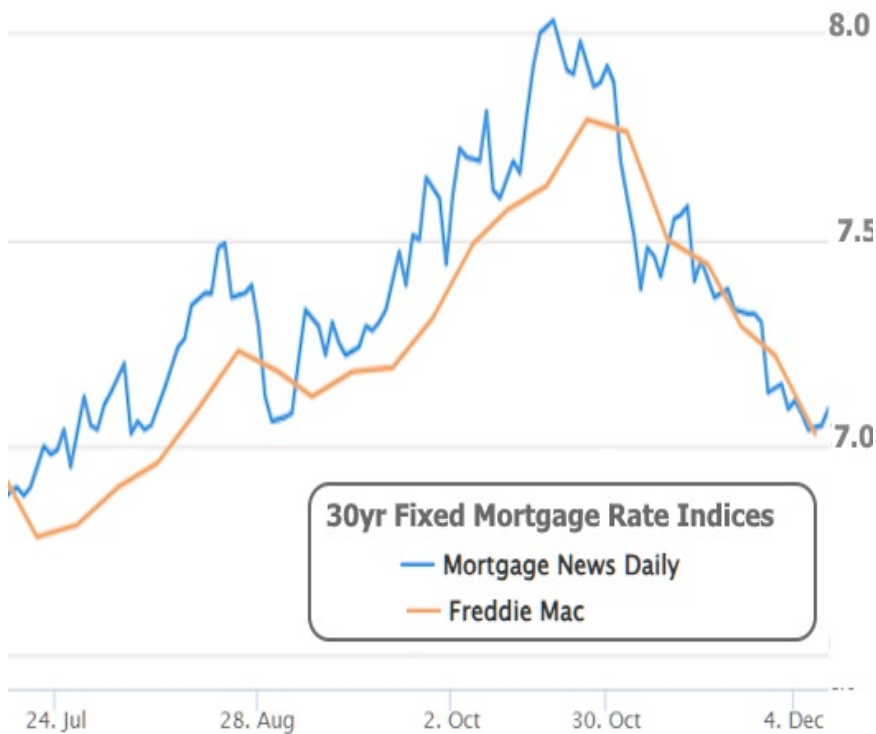
Despite being in line with historical levels, Friday's nonfarm payrolls (a count of new jobs created or lost) made a different case.



You can't tell by looking at the chart, but payrolls came in higher than expected. The unemployment rate was also lower than expected. Neither are good for rates, but the reaction wasn't extreme as far as longer-term rates (like 10yr Treasury yields) were concerned.



Mortgage rates also moved a hair higher, but are still effectively in line with their best levels in months.



If we zoom out on the Treasury chart in a similar manner, Friday's yield spike also looks like no big deal in the bigger picture. It's more of an afterthought in the process of erasing the losses seen after the Fed spooked the rate market at the September meeting.



That brings us full circle with next week's Fed meeting. The Fed's September announcement spooked the bond market due to the proverbial "DOTS." This refers to the dot plot the Fed uses to convey its quarterly forecast for the general path of the Fed Funds Rate.

September's dots showed the Fed holding the Fed Funds Rate "higher for longer"--a likelihood that financial markets adjusted to by the end of October. November and early December have seen traders pull back on their Fed rate expectations.

The timing is important because next Wednesday is the first new dot plot since September 20th. Traders hope/expect to see a more measured outlook versus spooky September. They'll almost certainly get it, but the question is HOW much more measured.

The Fed may not even know their final answers to the dot plot questions at this point. Some of the dots could be changing right up to the buzzer due to the timing of the Consumer Price Index (CPI) which comes out just over 24 hours before the Fed announcement.

CPI has been moving in the right direction, but we need to see a few more months of progress before the Fed would truly be in a position to consider rate cuts. If Tuesday's example shows good progress, some of the Fed's thought process may end up in the dot plot on Wednesday. Rates may have a volatile response to either event.

Subscribe to my newsletter online at: <http://mortgagenewsletters.org/schristenot>

Recent Economic Data

Date	Event	Actual	Forecast	Prior
Monday, Dec 04				

Event Importance:

No Stars = Insignificant
★ Low

Date	Event	Actual	Forecast	Prior
10:00AM	Oct Factory orders mm (%)	-3.6%	-2.8%	2.8%
Tuesday, Dec 05				
9:45AM	Nov S&P Global Services PMI	50.8	50.8	50.6
10:00AM	Nov ISM N-Mfg PMI	52.7	52	51.8
10:00AM	Oct USA JOLTS Job Openings	8.733M	9.3M	9.553M
Wednesday, Dec 06				
7:00AM	Dec/01 MBA Refi Index	373.3		327.8
7:00AM	Dec/01 MBA Purchase Index	144.5		144.9
8:15AM	Nov ADP jobs (k)	103K	130K	113K
8:30AM	Q3 Unit Labour Costs QoQ Final	-1.2%	-0.9%	3.2%
Thursday, Dec 07				
8:30AM	Dec/02 Jobless Claims (k)	220K	222K	218K
Friday, Dec 08				
8:30AM	Nov Average earnings mm (%)	0.4%	0.3%	0.2%
8:30AM	Nov Non Farm Payrolls	199K	180K	150K
8:30AM	Nov Unemployment rate mm (%)	3.7%	3.9%	3.9%
10:00AM	Dec Sentiment: 1y Inflation (%)	3.1%		4.5%
10:00AM	Dec Consumer Sentiment (ip)	69.4	62	61.3
Monday, Dec 11				
11:30AM	3-Yr Note Auction (bl)	50		
Tuesday, Dec 12				
8:30AM	Nov y/y CORE CPI (%)	4%	4%	4%
8:30AM	Nov m/m CORE CPI (%)	0.3%	0.3%	0.2%
1:00PM	30-Year Bond Auction	4.344%		4.769%
Wednesday, Dec 13				
8:30AM	Nov Core Producer Prices YY (%)	2%	2.2%	2.4%
2:00PM	Fed Interest Rate Decision	5.5%	5.5%	5.5%
2:00PM	FOMC Economic Projections			
2:30PM	Fed Press Conference			
Thursday, Dec 14				
8:30AM	Nov Import prices mm (%)	-0.4%	-0.8%	-0.8%
8:30AM	Dec/09 Jobless Claims (k)	202K	220K	220K
8:30AM	Nov Retail Sales (%)	0.3%	-0.1%	-0.1%
Friday, Dec 15				
8:30AM	Dec NY Fed Manufacturing	-14.5	2	9.1
9:15AM	Nov Industrial Production (%)	0.2%	0.3%	-0.6%
9:45AM	Dec S&P Global Services PMI	51.3	50.6	50.8
Wednesday, Jan 10				
1:00PM	10-yr Note Auction (bl)	37		

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
------	-------	--------	----------	-------

About Your Los Angeles Mortgage Broker

Shannon's expertise in residential mortgage lending spans more than 20 years. Beginning on the ground floor of the wholesale side of lending, Shannon subsequently succeeded as a loan officer, account manager, and account executive while working for one of the nation's largest mortgage lenders. In contrast to those who chose to leave the mortgage industry when the Los Angeles housing market began to spiral in 2008; Shannon's passion for helping others to become homeowners remained firmly intact. In fact the changes in the market and new lending laws made her want to help homebuyers to navigate the new rules of real estate lending more than ever. As such, she chose to transition to the retail side of real estate financing in effort to work closer with families, veterans, and those who had previous financial hardships to achieve their goals of home ownership. As a homeowner and real estate investor, Shannon's personal experience in obtaining mortgage loans for her own purchases is extensive. She has bought and sold multiple properties and continues to invest in real estate throughout Los Angeles County. Shannon's specialization and breadth of experience in real estate purchase loans enables her to offer standard/conventional loans, government loans, hard money loans, and specialty/portfolio products.

Shannon Christenot

