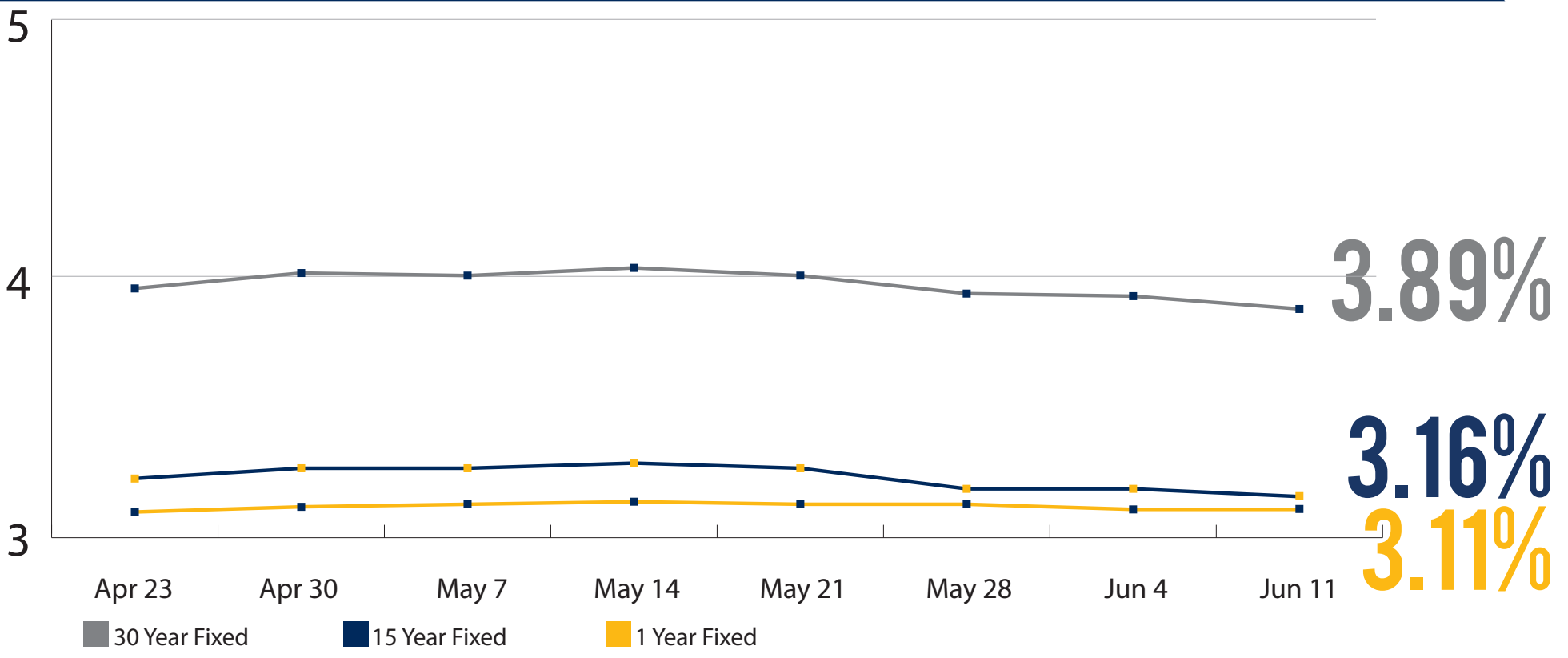


WEEKLY MORTGAGE WATCH

JUN 11

FREDDIE MAC'S PRIMARY MORTGAGE MARKET SURVEY



INTEREST RATES AND INDEXES



THIS WEEK'S TOP ECONOMIC REPORTS AND EVENTS

<p>0.1%↓</p> <p>RETAIL SALES</p> <p>Date: 6/14, Prior: 0.4%</p> <p>Impact: Significant</p> <p>With expectations of a Q2 economic uptick, a decrease in Sales would not only be disappointing, but would likely help pull rates downward.</p>	<p>0.2%↑</p> <p>CONSUMER PRICE INDEX (CORE)</p> <p>Date: 6/14, Prior: 0.1%</p> <p>Impact: Significant</p> <p>Inflationary pressures continue to remain very muted. From a policy perspective, this allows the Fed to slow rates increases, at least for now.</p>	<p>0.0%↓</p> <p>INDUSTRIAL PRODUCTION</p> <p>Date: 6/15, Prior: 1.0%</p> <p>Impact: Significant</p> <p>If both Retail Sales and IP power forward more than expected, then rates could experience some quickly growing upward pressure.</p>	<p>1.25M↑</p> <p>HOUSING STARTS</p> <p>Date: 6/16, Prior: 1.23M</p> <p>Impact: Limited</p> <p>Builders continue to step up their plans to meet demand, and another increase in Starts will generate some slight upward rate pressure.</p>	<p>FOM CRATE DECISION</p> <p>Date: 6/14</p> <p>Impact: Significant</p> <p>If the Fed raises rates, and reinforces that it is likely to raise rates again this year, then all interest rates are likely to begin trending upward.</p>
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SURVEY SAYS: NOW IS THE TIME TO SELL

According to the latest Home Purchase Sentiment Index from Fannie Mae, **32% of Americans believe that now is a good time to sell their home. This represents the highest level in the seven-year history of this index, and a jump of 6 points over last month.** Conversely, and unsurprisingly, the survey saw an 8 point drop to 27% of Americans who believe that now is a good time to buy a home. Interesting, only 40% of respondents believe that home prices will go up.



MORTGAGE MARKET COMMENTARY

- **Mortgage rates found room to trend downward last week**, as politics weighed heavily on financial markets.
- Domestically, the drama surrounding all things Russia continued to decrease the odds of the new administration completing any real regulatory or tax reform program.
- "Across the pond," the UK's snap election resulted in a hung parliament, which translates into more uncertainty for the start of the BREXIT negotiations.
- **All of this pushed even more money into US Treasuries and bonds.**
- **This week is heavy with economic data and a Fed meeting.** Markets have already "baked in" another rate increase, but analysts will be scouring everything released from the Fed.
- **The big question will be how likely the Fed is to raise rates again.**
- **A more dovish outlook from the Fed could actually help pull rates downward, slightly.** This could easily be reinforced if any of the big economic reports, including Retail Sales or Industrial Production, come at, or under, expectations.
- **If the Fed surprises the market with no change to its rates, then we could see rates falling even further.**



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