

Economic CALENDAR

December
2024

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Mortgage Economic Review December 2024

The **Mortgage Economic Review** is a monthly summary of Key Economic Indicators, Data, and Events pertinent to Mortgage, Housing, and Finance Professionals.

AT A GLANCE - Key Economic Events and Data released during November 2024

- **Interest Rates:** The 10-year Treasury yield fell to 4.18% (Nov 29) from 4.28% (Oct 31).
- **Housing:** Existing Home Sales rose 3.4% (+2.9% YoY), New Home Sales fell 17.3% (-9.3% YoY), and Home Prices are up 4.5% YoY.
- **Labor:** The US Economy created 12,000 New Jobs in October. The Unemployment Rate fell to 4.1%. Wage Growth rose to a 4.0% YoY pace.
- **Inflation:** CPI rose 0.2% in October (+2.6% YoY), and PCE rose 0.2% (+2.3% YoY).
- **The Economy:** US GDP grew at a 2.8% annualized rate in 3Q2024, up 2.7% YoY.
- **Consumers:** Retail Sales rose 0.4% in October (+2.8 YoY), Consumer Confidence rose 1.9%, (+10.6 YoY).
- **Stock Markets** rose in November: Dow +7.5%, S&P +15.9%, Nasdaq +6.2%.
- **Oil Prices** fell to \$68/Barrel (Nov 29) from \$70/Barrel (Oct 31).
- **2025 Conforming Loan Limits** raised to \$806,500 for a Single Family Home.

Interest Rates and Fed Watch

The Fed continued to cut Interest Rates at its last FOMC Meeting on November 7th. As widely expected, the Fed lowered the Fed Funds Rate by 0.25% to a target range of 4.50% - 4.75%. Despite a lower Fed Funds Rate, long-term Interest Rates rose after the election of Donald Trump but fell back at the end of the month. Trump has threatened to impose additional tariffs on imported goods once he entered office. Credit Markets initially feared that more tariffs would lead to higher Inflation in 2025. That fear subsided, and US Treasury Rates closed the month lower. Unfortunately, Mortgage Rates lagged behind Treasury Rates and closed the month higher. There is one last FOMC Meeting in 2024 on December 17th and 18th. The Fed will get one last look at Inflation and Employment before their meeting. At this point, Market Analysts are 50/50 on another 0.25% Interest Rate cut by the Fed in December.

- **10-Year Treasury Note Yield** fell to 4.18% (Nov 29) from 4.28% (Oct 31).
- **30-Year Treasury Bond Yield** fell to 4.36% (Nov 29) from 4.47% (Oct 31).
- **30-Year Fixed Mortgage** rose to 6.81% (Nov 27) from 6.72% (Oct 31).
- **15-Year Fixed Mortgage** rose to 6.10% (Nov 27) from 5.99% (Sep 26).

Housing Market Data Released during November 2024

Home Price Appreciation cooled in recent months with most Home Price Indicators below 5.0% YoY. New Home Sales - a bright spot in 2024 - tumbled 17% in October. Take that data point with a large grain of salt because of the disruption from Hurricanes in the Southeast. The Hurricanes also affected Housing Starts and Completions. Excluding the Southeast Housing Markets, the rest of the country did well. The favorable October data can be traced back to lower Mortgage Rates during August and September.

- **Existing Home Sales** (closed deals in October) rose 3.4% to an annual rate of 3,960,000 homes (3,580,000 SFR + 380,000 Condos), up 2.9% in the last 12 months. The median Single-Family Home price is \$412,000, up 4.1% YoY. The Median Condo price is \$360,300, up 1.6% YoY. Homes were on the market for an average of 29 days. Currently, 1,370,000 homes are for sale, up 19.1% YoY.
- **New Home Sales** (signed contracts in October) fell 17.3% to a seasonally adjusted annual rate of 610,000 homes, down 9.3% YoY. (668,000 New Homes were sold in 2023). The median New Home price is \$437,300 (Peak of \$496,800 in Oct 2022). The average price is \$545,800 (Peak of \$568,700 in Dec 2022). There are 481,000 New Homes for sale (low of 281,000 in October 2020), a 9.5 month supply.
- **Pending Home Sales Index** (signed contracts in October) rose 2.0% to 77.4 from 75.8 the previous month, up 5.4% YoY.
- **Building Permits** (issued in October) fell 0.6% to a seasonally adjusted annual rate of 1,416,000 units - down 7.7% YoY. Single-Family Permits rose 0.5% to an annual pace of 968,000 homes, down 1.8% YoY.
- **Housing Starts** (excavation began in October) fell 3.1% to a seasonally adjusted annual rate of 1,311,000, down 4.0% YoY. Single-Family Starts fell 6.9% to 970,000 units, down 0.5% YoY.
- **Housing Completions** (completed in October) fell 4.4% to a seasonally adjusted annual rate of 1,614,000 units - up 16.8% YoY. Single-Family Completions fell 1.4% to an annual adjusted rate of 986,000 homes - down 0.2% YoY.
- **S&P/Case-Shiller 20 City Home Price Index** rose 0.2% in September, up 4.6% YoY.
- **FHFA Home Price Index** rose 0.7% in September, up 4.4% YoY.
- **NAHB Index** for November rose 7.0% to 46 from 43 the prior month, up 35.3% YoY.

Labor Market Economic Data Released during November 2024

The **Economy** created 12,000 New Jobs during October, surprising Economists who had predicted a 125,000 increase. The low data was most likely due to the disruption of Hurricane Helene and Milton. Meanwhile, The BLS (Bureau of Labor Statistics) reported that Labor Productivity rose 2.2% for the 4th quarter: "Labor productivity in the nonfarm business sector increased 2.2% percent in third quarter 2024, as output increased 3.5 percent and hours worked increased 1.2 percent." Since 2021 Labor Productivity has increased 1.8% per year. The Labor Market keeps chugging along - wages, hours worked, and productivity are up for the year.

- The **Economy** created 12,000 New Jobs during October.
- The **Unemployment Rate** fell to 4.1% in October and September from 4.2% in August.
- The **Labor Force Participation Rate** fell to 62.6 during October.
- The **Average Hourly Wage** rose 0.4% during October, up 4.0% YoY.
- **Job Openings** fell to 7,440,000 in September from 7,860,000 in August, down 20.0% YoY.
- **Labor Productivity** rose 2.2% in 3Q2024.

Inflation Economic Data Released during November 2024

Looking at the major Inflation gauges below, you can see that CPI, PPI, and PCE are all in the mid 2.0% range. Inflation has settled into a 2.3% to 2.6% annual rate - and is slowly climbing. The November Inflation Data shows that the main Inflation culprits are: Service Inflation, up 4.8% YoY; Shelter Costs, up 4.8%; Transportation Costs, up 8.2%; Medical Care costs, up 3.8%; Food at Home, up only 2.1% (that seems low especially when I go to the grocery store). Service Inflation and the Wage-Price Spiral go hand in hand. Once the Wage-Price Spiral starts, it's hard to stop, and you can see that in the last few months of Inflation Data.

- **CPI** rose 0.2%, up 2.6% YoY | **Core CPI** rose 0.3%, up 3.3% YoY
- **PPI** rose 0.2%, up 2.4% YoY | **Core PPI** rose 0.3%, up 3.5% YoY
- **PCE** rose 0.2%, up 2.3% YoY | **Core PCE** rose 0.3%, up 2.8% YoY

GDP Economic Data Released during November 2024

The 2nd estimate of 3rd Quarter 2024 GDP showed the **US Economy** grew at a 2.8% annualized rate (2.7% YoY). The US Economy is 70% Consumer based, and the Consumer is looking and feeling good. Consumer Income, Spending, Savings, and Confidence are all up in 2024. As long as Consumers are secure in their jobs, they will spend and the Economy will continue to grow.

Consumer Economic Data Released during November 2024

In the last 12 months, Retail Sales has risen 2.8%, and Consumer Confidence is up 10.6%. US Consumers are feeling good and keeping their wallets open. The Holiday Shopping Season kicked off with Black Friday and Cyber Monday deals. Retail Analysts expect Consumers to spend more than \$1.0 trillion during the 2024 Holiday Shopping Season. We'll see next year if we set a new record in Holiday Spending.

- **Retail Sales** rose 0.4% during October, up 2.8% in the last 12 months.
- **Consumer Confidence Index** rose 1.9% to 111.7 from 109.6 the prior month, up 10.6% YoY.
- **Personal Income** rose 0.6% in October, up 5.3% YoY.
- **Personal Spending** rose 0.4% in October, up 5.4% YoY.
- **Personal Savings Rate** rose 4.4% in October.

Energy, International, and Things You May Have Missed

- **West Texas Intermediate Crude** fell to \$68/Barrel (Nov 29) from \$70/Barrel (Oct 31).
- **North Sea Brent Crude** fell to \$72/Barrel (Nov 29) from \$74/Barrel (Oct 31).
- **Natural Gas** rose to \$3.36/MMBtu (Nov 29) from \$2.71/MMBtu (Oct 31).
- **Gasoline** (Wholesale Futures Price) fell to \$1.90/Gal (Nov 29) from \$2.00/Gal (Oct 31).
- **Donald Trump** was elected to a 2nd term as US President, defeating Kamala Harris. The Republican Party also won a majority in the House and Senate.

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