

## Housing/Real Estate Market

**March home-price gains were the weakest in almost 7 years, Case-Shiller says:** The 20-city index by S&P CoreLogic rose a seasonally adjusted 0.1% in March, compared to February, and increased 2.7% compared to a year ago. This is the slowest pace of annual growth since August 2012. This gives buyers a fighting chance, while still providing some equity appreciation for owners.

**Pending home sales fall, making it the 16<sup>th</sup> consecutive month of annual declines:** NAR's pending home sales index while volatile, has been consistently downward. The index fell a seasonally adjusted 1.5% in April and 2% from last year, suggesting a slower market ahead. However, the index is reported a month behind and has not taken into consideration stronger labor market, higher consumer confidence and lower interest rates, which should help incentivize the market as we gear up for the summer.

## Macro Economy

**Consumer confidence hits 6-month high, giving hope in the midst of this trading tariff conundrum:** A new survey by the Conference Board, revealed that consumers are feeling more confident in May than they did the month prior and in fact the consumer confidence index rose to a 6-month high of 134.1. Two other surveys also indicate consumers have a positive view on the current economy and expect it to be better in 6 months.

**The U.S. grew a bit slower in Q1 of 2019 than originally reported:** Revision to Q1 GDP shows that the economy grew at a 3.1%, down from an initial 3.2% estimate released a month ago. Turns out business investment was weaker than initially estimated and corporate profits fell for the second consecutive quarter in a row at an annual pace of 2.8%, the biggest decline since 2015. On a brighter note, even though the revision included some marked downs, GDP still got a big boost in Q1 and should set up Q2 for continuous growth, albeit at a slower pace.

**The number of people who applied for jobless benefits rose slightly in late May:** Despite jobless claims rising by 3,000 to 215,000, the rate of layoffs still remains near a 50-year low and therefore the latest jobless claims poses little to no signs of trouble for the strongest labor market in decades.

**Americans cut back on spending in April, but rising incomes suggest they still have plenty of buying power:** Consumer spending ticked up by 0.3% in April, which signified a sharp cut back from the month prior which after getting revised, it indicated that consumer spending had its biggest increase in a decade (1.1%). Personal income also rose and in fact, it marked the largest gain in four months and meanwhile the PCE index measuring inflation also climbed 0.3%, to 1.5% which is still well below the Fed's 2% target rate.

## Real Estate Finance

**Mortgage rates drop once again, this time just below 4%:** The 30-year fixed-rate mortgage (FRM) averaged 3.99%, down from 4.06% the week prior and more than half a point compared to a year ago which averaged 4.56%.

**Mortgage applications decreased for the third consecutive week, but remained 7% higher than last year:** Neither purchase nor refinance applications seem to be responding positively to the lower interest rate environment seen

### Upcoming Data Releases

- ISM Manufacturing – 6/3/19
- Construction Spending – 6/3/19
- Durable Goods – 6/4/19
- ISM Non-Manufacturing – 6/5/19
- Trade Balance – 6/6/19
- Productivity & Costs Q1r – 6/6/19
- Employment – 6/7/19

toward the end of May. The number of mortgage applications decreased 3.3% from a week ago while refinance also decreased by 6% for the same time period.