

Housing/Real Estate Market

Existing-home sales dip in June after a previous month of slight gains: Despite interest rates dropping to its lowest since last fall, the sale of previously owned homes in June slipped 1.7% when compared to May and 2.2% when compared to a year ago. Meanwhile, the median price rose 4.3% from a year earlier, to \$285,700.

New home sales rebound in June after two months of revised decline: June represents the first increase in new home sales in the past 3 months. Sales for new single-family homes rose 7% to 646,000 and remain 4.5% higher than a year ago despite the revised declines in April and May.

California's homeownership rate dropped further in Q2 of 2019:

According to Census data, the homeownership rate for the golden state slipped to 53.2% from 54% in Q1 and 54.3% in Q2 of last year. Affordability in California has eroded to the point where homeownership struggles to remain steady even at lower rates.

Macro Economy

The U.S. economy grew more slowly in Q2: GDP expanded by just 2.1% last quarter—slightly ahead of expectations of sub-2% growth—but well below the historical average of 3%. Consumers continue to bolster the overall economy, but business investment has yet to ramp up and residential construction was also a drag.

Durable-goods orders picked back up after two months of decline: Orders for long-lasting manufactured goods rose in June for the first time in 3 months and while business spending and investment also increased, they are still much weaker than a year ago. American manufacturers seem to be making an effort to recover their momentum after temporarily losing it amidst a weak global economy and rising trade tensions.

Jobless claims dropped to the lowest level in over 3 months: The number of people that applied for unemployment benefits the week prior decreased by 10,000 to 206,000, reflecting a labor market that continues to persevere as the strongest in decades despite hints of a slowing economy.

Real Estate Finance

Mortgage rates come back down to near 3-year lows: The 30-year fixed-rate mortgage (FRM) averaged 3.75% down from the week prior at 3.81% and 4.54% same time last year. It is uncertain how long will these improvements in interest rates will last, but what is certain is that they have yet to impact home sales.

Mortgage applications decrease across the board: The number of mortgage applications decreased 1.9% from a week earlier according to the Market Composite Index. Similarly, the refinance index as well as the purchase index both decreased 2% for the same time period. Once again, despite mortgage rates decreasing, mortgage applications struggle to show signs up increasing consumer demand for housing.

Upcoming Data Releases

- Personal Income – 7/30/19
- S&P/C-S Home Prices – 7/30/19
- Cons. Confidence – 7/30/19
- Pending Home Sales – 7/30/19
- Employment Cost Index – 7/31/19
- Construction Spending – 8/1/19
- ISM Manufacturing – 8/1/19
- Employment – 8/2/19
- Trade Balance – 8/2/19
- Factory Orders – 8/2/19