

Housing/Real Estate Market

Home prices flatlined in April, Case-Shiller says: According to S&P CoreLogic Case-Shiller's 20-city index, home prices in the month of April remained flat compared to March on a seasonally adjusted basis but was 2.5% higher compared to same time last year. This is the 13th consecutive month in which annual growth slowed and it was also the lowest pace of annual price gains in nearly 7 years.

New-home sales in May, fell to a 5-month low: Sales of new-homes fell 7.8% compared to April and were down 3.7% from a year ago. The median price of a new home also suffered a decline of 2.7% from last year, which suggest a weakening of the market for new homes.

However, the supply of available new homes at 6.4 months would normally be considered a market evenly balanced between supply and demand.

Pending home sales index jumped again, but without clear signs of a consistent trend in 2019: NAR's index measuring home-contract signings in the market, jumped by a seasonally adjusted 1.1% in May, which was only 0.7% lower than May of last year. However, the index has been up and down every month this year without a clearly defined trend. The only thing clear is that the market is shuffling even as May marked the 17th month of annual declines.

Macro Economy

Consumer confidence took a hit after worsening tensions with China: American consumers are still confident, but a bit less so, as they grew more worried about trade tensions with China and they also expressed being harder to find a job. The consumer confidence index fell from 131.1 to 121.5 in June, which is the lowest level in almost two years, suggesting a less optimistic outlook from the consumer's perspective.

Incomes advanced 0.5% in May boosting up consumer spending: Consumer spending rose 0.4% in May, which marked the 3rd month in a row of positive growth, suggesting the U.S. economy remains on solid ground despite mixed headwinds. Although, prices also rose slightly in May, inflation has tapered off to 1.5% over the last 12 months, which might trigger the Fed to cut rates soon given that inflation now sits well below Fed's target rate.

Orders for U.S. durable goods fell in May, but business investment picked up: Orders for long-lasting goods slid 1.3% in May, mainly due to a drawback on commercial aircraft orders from Boeing which sank 28% following the grounding of its 737 Max. Yet, while still weak, the pace of investment in the last 12 months rose slightly to 1.4% from 1.2%, in a somewhat reassuring sign that companies haven't hit the breaks on spending despite pressures on supply chain from the trade tensions with China and a slowing U.S. economy.

Jobless claims climb to 227,000, a 7-week high, but remain historically low: The number of people who applied for unemployment benefits the last week of June, was the highest in nearly two months, but jobless claims have stuck to historically low levels even as hiring has tapered off. The strongest labor market in decades is driving the U.S. economy forward, but if layoffs begin to rise, so does the odds of a recession .

Upcoming Data Releases

- Construction Spending – 7/1/19
- ISM Manufacturing – 7/1/19
- ISM Non-Manufacturing – 7/3/19
- Trade balance – 7/3/19
- Factory orders – 7/3/19
- Initial Claims – 7/4/19
- Employment – 7/5/19

Real Estate Finance

Mortgage rates fell for the 7th time in the last 9 weeks: The 30-year fixed-rate mortgage rate dropped to 3.73% from 3.84% the week prior and 4.55% a year ago. The drop in mortgage interest rates experience over the last two months have generated a great window of opportunity to buy in the real estate market. Through the end of June, home purchase applications improved by 5% compared to the prior month.

Mortgage applications increased 1.3% and refinance increased 3% from the previous week: The refinance share of mortgage activity increased to 51.5% of total applications from 50.2% the previous week. Purchase applications, on the other hand, decreased 2%, but were still considerably higher (9%) than a year ago.