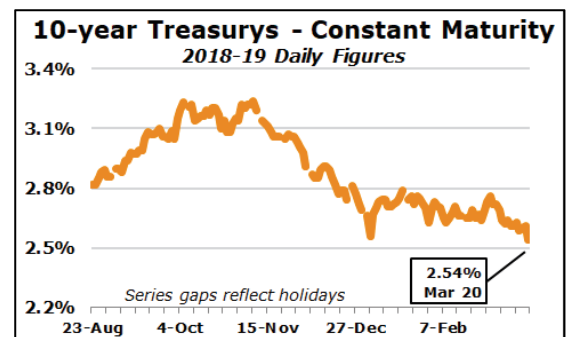
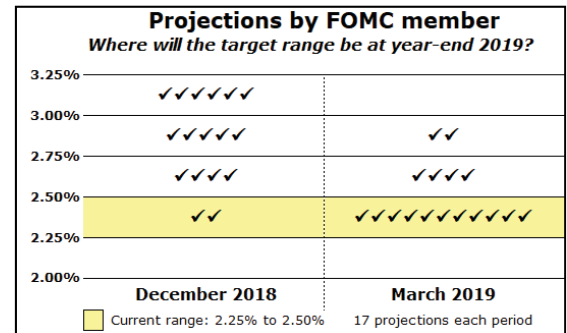


Keeping Current

- The Federal Reserve signaled that it is unlikely to raise rates again this year, sharply reversing its outlook from just three months ago. In December, 15 of the 17 members of the Federal Open Market Committee (FOMC) projected the target range for the federal funds rate would end the year higher than its current 2.25% to 2.50% band. The projections released on Wednesday, March 20, showed that 11 of the 17 members projected that the current range would remain in place throughout 2019.¹
- The Fed's projections for economic growth in 2019 were also reined in. In September, the median forecast for economic growth for this year was 2.5%; in December, the median forecast dropped to 2.3%. Now, the median forecast shows a 2.1% increase in 2019. By contrast, economic growth in 2018 was 3.1%.¹
- New home sales fell 6.9% in January to an annualized sales rate of 607,000 units. In 2018, 626,000 new homes were sold. The median price of new homes sold in January was \$317,200, a decrease of 3.8% from the median price in January 2018.²
- Payrolls rose by 20,000 jobs in February, less than one-tenth of 2018's average monthly gain of 223,300. Average hourly earnings rose 3.4% in the year ending in February, its strongest 12-month gain since April 2009.³
- Housing starts jumped 18.6% in January, with single-family starts climbing 25.1% in January over December's pace, after seasonal adjustment. Still, the January annualized pace of 1.230 million starts fell below last year's 1.242 million starts.⁴
- The yield on 10-year Treasury securities, a leading guidepost for pricing mortgages, closed at 2.54% on March 20, its lowest level in over a year. It has averaged 2.64% so far in March. As recently as November, it averaged 3.12%.⁵
- The average rate on 30-year fixed-rate mortgages in Freddie Mac's survey was 4.28% in the week ending March 21, down three basis points from the previous week. In February, the rate averaged 4.37%; as recently as November it averaged 4.87%. All rates quoted have fees and points averaging 0.4% to 0.5% of the loan amount.⁶



1. "Federal Open Market Committee: Meeting calendars, statements, and minutes (2014-2019)," Board of Governors of the Federal Reserve System, March 21, 2019. Projection materials for March 19-20, 2019; December 18-19, 2018; and September 25-26, 2018. www.federalreserve.gov/monetarypolicy/fomccalendars.htm.
2. "Monthly New Residential Sales, January 2019," Census Bureau, March 14, 2019. www.census.gov/construction/nrs/pdf/newresales_201901.pdf.
3. "The Employment Situation - February 2019," Bureau of Labor Statistics, March 8, 2019. www.bls.gov/news.release/archives/empsit_03082019.pdf.
4. "Monthly New Residential Construction, January 2019," Census Bureau, March 8, 2019. www.census.gov/construction/nrc/pdf/newresconst_201901.pdf.
5. "Daily Treasury Yield Curve Rates," U.S. Department of Treasury. Site accessed March 21, 2019. www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield.
6. Freddie Mac Primary Mortgage Market Survey, Mar 21, 2019. www.freddiemac.com/pmms/. The FRB of St Louis Economic Data system (FRED) was used to collect data on new home sales, employment, and housing starts.

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