

# Market Minute: April 27, 2020

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## Housing/Real Estate Market

**Existing-home sales slump 8.5% in March** due to coronavirus: The pace of existing-home sales across the U.S. dropped to an annual pace of 5.27 million and the decline is likely to be sharper in April as COVID-19 pandemic began to shut down large parts of the economy in the second half of the month.

**U.S. New-home sales dropped 15.4% in March** as a result of coronavirus: Sales of new homes declined to an adjusted annual rate of 627,000 from February's revised rate of 741,000 and fell below last year's pace by 9.5%, as pandemic crisis and "shelter-in-place" orders stop buyer traffic.

## Macro Economy

**Consumer sentiment appeared to stabilize in April**: After experiencing its biggest decline ever, the final reading of the consumer-sentiment survey by the University of Michigan, edged up to 71.8 from 71 the month prior. Survey showed that consumers seem to have a rather optimistic view on the recovery of the economy and might expect things to get better by late this summer.

**Durable-goods orders take big hit in March**: Orders for durable goods plunge 14.4% as U.S. businesses pull back as coronavirus triggers steep economic slowdown. The sharp decline in bookings was the second biggest ever since the government began keeping track in the early 1990s and it's possibly only the beginning of what's likely to be a series of historically poor numbers as majority of U.S. economy continues in shut down and international trade remains severely disrupted.

**Weekly jobless claims jump another 4.4 million**: The record surge of Americans applying for unemployment benefits it's starting to diminish, but last week's number pushed the total jobless claims over 26 million. The sharp and sudden flood in unemployment is the worst since the 1930s and California was among the 5 states with the highest job loss count.

## Real Estate Finance

**Mortgage rates inched up**: The 30-year fixed-rate mortgage (FRM) bounced back to 3.33% from the week prior at 3.31% and continues to be over  $\frac{3}{4}$  of a percentage lower than the average of 4.20% recorded a year ago.

**Mortgage applications dipped slightly**: Mortgage applications decreased 0.3% from a week earlier on a seasonally adjusted basis and the refinance index also decreased slightly by 1%. However, refinance applications still remain 225% higher than a year ago. New purchase index increased 2% from the week prior on a seasonally adjusted basis but new purchase applications remain subdued as they are 31% lower than the same week of last year.

### Upcoming Data Releases

- C/S Home Price Index – 4/28
- Cons. Confidence Index – 4/28
- U.S. GDP – 4/29
- Pending Homes Sales – 4/29
- Employment Cost Index – 4/30
- Consumer Spending – 4/30
- Weekly Jobless Claims – 4/30
- ISM Manuf. Index – 5/1
- Construction Spending – 5/1