

Economic CALENDAR

January
2018

Monday	Tuesday	Wednesday	Thursday	Friday
1 New Year's Day Stock & Bond Markets Closed	2	3 FOMC Minutes, Vehicle Sales, Construction Spending ISM Manufacturing Index MBA Mortgage Applications	4 ADP Employment Report Weekly Jobless Claims	5 Employment Report Trade Balance Factory Orders ISM Non-Manufacturing Index
8 Consumer Credit	9 JOLTS NFIB Small Biz Optimism	10 Import - Export Prices MBA Mortgage Applications Wholesale Inventories	11 PPI Weekly Jobless Claims	12 CPI Retail Sales Business Inventories
15 Martin Luther King Jr Birthday Stock & Bond Markets Closed	16 Empire State Report	17 Industrial Production NAHB Housing Index Beige Book, TIC Flows MBA Mortgage Applications	18 Housing Starts Philly Fed Report Weekly Jobless Claims	19 Consumer Sentiment
22	23	24 Existing Home Sales FHFA Home Prices MBA Mortgage Applications	25 New Home Sales Leading Indicators Weekly Jobless Claims	26 GDP Durable Goods Orders
29 Personal Income & Spending	30 FOMC Meeting Consumer Confidence S&P-Case Shiller HPI	31 FOMC Meeting & Announcements Pending Home Sales, Employment Cost Index, ADP Employment Report MBA Mortgage Applications, Chicago PMI		



MID AMERICA
MORTGAGE, INC.

NMLS ID 150009

Wholesale Lending Division

855-528-4572

www.mamtpo.com

© 2018 Copyright Mortgage Elements Inc, All rights reserved

Economic Indicator Description / Definition



MID AMERICA
MORTGAGE, INC.

MNLS# 150009

ADP Employment	A national jobs report that derives its statistics from the actual monthly payrolls of employers in the non-farm private sector.
Beige Book	Prepared by the Federal Reserve, it is a survey of economic conditions in each of the Fed's regions.
Business Inventories	This report includes inventory levels and statistics from various stages of the manufacturing process
Chicago PMI	The Chicago Purchasing Managers Index is prepared monthly by ISM (Institute of Supply Management) and indicates regional manufacturing activity. It comes out before other ISM surveys and is closely watched as precursor to the other ISM Reports.
CPI - Consumer Price Index	The CPI Measures the change in the cost of a basket of goods and services (about 200) in each month. This is one of the biggest and most closely watched indicator along with the PPI.
Consumer Confidence	Measures how confident consumers feel about their individual spending plans and the economy in general.
Consumer Sentiment	Published monthly by the University of Michigan the index is based on over 500 phone interviews with 50 questions asked.
Construction Spending	Is a monthly estimate of the total dollar value of all construction work in the country.
Consumer Credit	Released monthly by the Federal Reserve Board it estimates changes in the amount of outstanding credit to individuals to purchase consumer goods. It contains revolving and non revolving credit like cars loans but not mortgages and equity lines.
Current Account	Measures the money flows and cash transfers into and out of the country. Consists of the Trade Balance (exports minus imports of goods and services) plus the net Capital Account (income from foreign investments - payments to foreign investors).
Durable Goods Orders	Report measures how much spending is occurring on goods expected to last over three years like appliances and cars.
ECB Announcement	The European Central Bank (ECB) first meeting of the month typically covers monetary policy. After the meeting, they make an announcement that discloses the issues discussed and decisions made.
Empire State Survey	Prepared by the Federal Reserve Bank of New York, this survey summarizes general business conditions of manufacturers in New York state.
Employment	Also called the Jobs Report , the Current Employment Statistics report covers general employment conditions which includes the unemployment rate, number of new jobs created, average hours worked per week, Labor Force Participation Rates, and average hourly earnings. Like the CPI and PPI, This is a very closely watched indicator.
Employment Cost Index	This index measures the general cost of labor which includes wages, benefits, and bonuses.
Existing Home Sales	Reports the number of existing homes that were CLOSED during the month both nationally and regionally.
Factory Orders	Indicates the activity of the country's manufacturing sector and includes new orders, unfilled orders, shipments, and inventories.
FOMC Meeting	The Federal Open Market Committee meets every 6 weeks is to set monetary policy.
FOMC Statement	Issued by the Fed after the FOMC meetings summarizing topics discussed, economic outlook, and policy decisions.

Economic Indicator Description / Definition

Information on this calendar is taken from sources believed to be credible, but Mid America Mortgage & Mortgage Elements does not guarantee or warrant its accuracy or completeness. The dates, times, and definitions of Economic information is controlled by the individual data provider and subject to change without notice. This calendar is intended for use by Mortgage & Real Estate Professionals only - not Consumers. It is intended for informational purposes only and is not an advertisement to lend or solicit mortgage originations.

Gross Domestic Product	The GDP is an all encompassing measure of the economy that includes the value of all goods and services produced in the entire country.
Housing Starts	This report includes housing starts, building permits, and housing completions with data obtained from surveys of homebuilders.
Import - Export Prices	The U.S. Import and Export Price Indexes measure average changes in prices of goods and services that are imported or exported.
Industrial Production	Measures volume of goods produced by all industrial firms including factories, mines, and utilities.
International Trade	Measures the trade deficit - value of exports minus the value of imports.
ISM Manufacturing Index	The Institute for Supply Management (a nonprofit group) publishes the Purchasing Managers Index by surveying over 400 purchasing managers from all over the country diversified and weighted by industry and geography.
ISM Non Manufacturing	Same as the above index but for the service sector which encompasses a larger portion of real GDP.
JOLTS	Job Openings and Labor Turnover Survey includes employment, job openings, hires, quits, layoffs and discharges, and other separations.
Leading Indicators	Also called The Leading Economic Index , it is a leading economic indicator use to forecast future economic activity. Calculated by The Conference Board, it determines the index from the values of ten key variables.
New Home Sales	Report on the number of newly constructed homes sold in the previous month.
NFIB Small Business	Published by the National Federation of Independent Business , the Small Business Optimism Index is an indicator of health of small businesses by surveying its members on their plans and activities.
Personal Income & Spending	Personal Income and Outlays report provide data on consumer behavior and total economic consumption.
Philly Fed Survey	Published by the Philadelphia Federal Reserve, this survey summarizes economic activity in its district.
PPI Producer Price Index	Measure the change in the price of goods from producers and includes everything from raw materials to wholesale items sold to retailers. Since it is published before the CPI, this indicator is very closely watched as a precursor to the CPI.
Productivity	The report measures how much output is created by a unit of labor.
Retail Sales	Measures goods sold by retailers. This is fairly closely watched as it indicates general spending attitudes of Consumers.
S&P/Case Shiller HPI	This Home Price Index (HPI) uses a three-month moving average to calculate its numbers giving it a two month lag.
TIC	Treasury International Capital shows the flows of money across US borders for sales of ALL securities and financial instruments.
Weekly Jobless Claims	This report shows the number of newly unemployed workers filing unemployment claims for the first time with their state Unemployment Bureaus. The data is seasonally adjusted and aggregated on a national basis.
Vehicle Sales	Reports the number of light vehicle cars and light trucks sold.



2018 starts off with healthy stock, labor, and housing markets...and a new tax bill. Speaking of the markets, let's look at some rough numbers from 2017. Home prices increased slightly over 6.0% last year, but everything else only increased around the 2.0% range. Inflation was up 2.2%, wages up 2.5%, GDP up 2.2%. Home Prices are outpacing all the other indicators by 3 times. Housing has always been a key driver of the general Economy. A strong housing market means a strong Economy, but too much of a good thing can be bad. How long can Home Prices continue to outpace everything else? It's already a big problem for First Time Buyers. Lots of theories and prognostications abound. For Mortgage Professionals, the purchase business should be robust all year. Here is a quick review the **key Economic Indicators and Data released in December 2017 that are important to Mortgage Professionals.**

December Indicators and Data in Review

Recapping Key Economic Data released in December that affects Mortgages & Real Estate:

- The Fed raised interest rates for the 3rd time in 2017 at the last FOMC Meeting December 13.
- New Tax Legislation was approved by Congress and signed by the President.
- Retail Sales continued to trend up as Consumers were on a spending spree.
- The Labor Markets continued to be strong adding 228,000 new jobs.
- Inflation jumped with the CPI rising 0.4% - but that appears to be temporary.

Interest Rates and Fed Watch December 2017

As expected, the Fed raised interest rates by 1/4% at the last FOMC Meeting on December 13th. The new target for Federal Funds is now 1-1/4% to 1-1/2%. The Fed announced in early 2017 that they would raise rates 3 times during the year. Some Fed watchers were skeptical as to whether they would actually follow through on their plans, but they did. The Fed also announced they intend to raise rates 3 times in 2018. Based on 2017, that will probably happen. This was Janet Yellen's last FOMC Meeting as she will be replaced by Jerome Powell. His first FOMC Meeting as Chair will be January 30. The Fed Announcement that follows every FOMC Meeting stated:

- Hurricane disruptions and rebuilding efforts did not significantly change the overall Economy.
- Fed policy would remain "accommodative" supporting a healthy Labor Market.
- They expect Inflation to return to the 2.0% level and stay there.

222 Fed Target

- Inflation 2.2% CPI for the last 12 months
- Wage Growth 2.5% for the last 12 months
- GDP Growth 2.2% annualized rate for the last 12 months (3rd Quarter = 3.2%)

Housing Market Data December 2017

New and Existing Home Sales surged in November and has risen for 3 consecutive months. The increase was much greater than Economists had expected and was broad-based across all property types. An interesting statistic was that New Home Inventory was unchanged at 283,000 units for sale. At least for the time being, builders are building enough new homes to keep up with demand. Inventory of Existing Homes for sale keeps declining - partially attributed to the Holiday season and Hurricane disruption. Watch the numbers in February and March to see if more people start listing their homes for sale.

Economic Indicators for the Housing Market December 2017

- **Existing Home Sales** (closed deals in November) rose 5.6% to an annual rate of 5,810,000 homes. The median price for all types of homes is now \$248,000 - up 5.6% from a year ago. The median Single Family Home price is \$248,800 and \$242,500 for a condo. First Time Buyers were 29%, Investors 14%, Cash Buyers 22%. Homes were on the market an average of 40 days. Currently, 1,670,000 homes are for sale - down 9.7% from a year ago.
- **New Home Sales** (signed contracts in November) rose 17.5% to a seasonally adjusted annual rate of 733,000 units. The median price of a new home is \$318,700, and the average sales price is \$318,700. Inventory of New Homes for sale is 283,000 - a 5 month supply.
- **Pending Home Sales Index** (signed contracts in November) rose 0.2% to 109.3 from 106.0. The index is now down 0.6% in the last 12 months.
- **Housing Starts** (excavation began in November) rose 3.3% to a seasonally adjusted annual rate of 1,298,000 units and are now up 12.9% in the last 12 months. Single Family Housing Starts rose 5.3% to an annual pace of 930,000 units. Multifamily Starts fell 1.6% to 367,000.
- **Building Permits** (issued in November) fell 1.4% to an annual rate of 1,298,000. Single Family permits rose 1.4% to 839,000 units, and Multifamily permits fell 6.4%.
- New Home Sales, Housing Starts, and Building Permits are **notoriously volatile indicators**. They carry a lot of statistical uncertainty from constant revisions, changes to the seasonal adjustment formula, and are heavily influenced by weather.
- **S&P/Case-Shiller Home Price Index** rose 0.7% in November. The 20 City Composite index is up 6.38% in the last 12 months.
- **FHFA Home Price Index** rose 1.4% during the 3rd quarter, now up 6.5% year over year.

Labor Market Economic Indicators December 2017

The Jobs Report released on December 8th showed the Economy added 228,000 new jobs during November (195,000 expected). This report was good because the number of jobs and wages increased. Most of the jobs created came from the retail sector, which adds seasonal workers for the Holidays. The education, health, leisure, and hospitality sectors significantly added jobs. Hiring by state and local governments was also up but down at the Federal level. Hiring workers to help repair and rebuild after the hurricanes are expected to continue through 2018. The Economy continues to maintain the lowest Unemployment rate since 2006.

- The **Economy** added 228,000 new jobs in November.
- The **Unemployment Rate** held steady at 4.1%.
- The **Labor Force Participation Rate** held steady at 62.7%.
- The **Average Wage** rose 0.2% during November pegging wage growth at 2.5% YoY.

Inflation Economic Indicators December 2017

Inflation took a surprising jump in November as the CPI and PPI both rose 0.4% while the Core CPI nudged up only 0.1%. As illustrated by the gap in the CPI and PPI - most of the increase can be blamed on higher energy prices. Gas prices alone jumped 7.3%. One month does not make a trend so don't let last month's numbers fool you. Outside of energy prices, Inflation is still low. The cost of clothing dropped a dramatic 1.3% - the largest monthly price drop in 20 years. Furniture prices fell, Medical Care and shelter costs increased slightly, food was unchanged, and auto prices were up.

- **CPI** rose 0.4%, now up 2.2% in the last 12 months.
- **Core CPI** (ex-food & energy) rose 0.1%, now up 1.7% in the last 12 months.
- **PPI** rose 0.4%, now up 3.1% in the last 12 months.
- **Core PPI** (ex-food & energy) rose 0.3%, up 2.4% in the last 12 months.

GDP Economic Indicators December 2017

The 3rd and final guesstimate for **3rd Quarter 2017 GDP** showed the Economy grew at a 3.2% annualized rate (3.3% expected). The good news is that we have 2 consecutive quarters that the Economy grew 3.0% - the first time since 2014. Digging a little further, the data shows that business investment in equipment was up along with inventories. Businesses don't invest in additional equipment unless they are optimistic about the future. Combine that with the new business tax cuts and 2018 GDP looks like it is ready for solid numbers this year. Remember that each quarter has 3 revisions for GDP. It's a moving target, so all the revisions are more like guesstimates.

Consumer Economic Indicators December 2017

Consumers were on a shopping spree the last couple of months as Retail Sales surged 0.8% in November. October Retail Sales were also revised up to 0.5% from 0.2%. Retail Sales up 5.8% in the last 12 months. Early estimates for the Holiday buying season are that it's the best in 6 years. Shoppers had an extra weekend just before Christmas to do additional shopping. A good labor market with consistent wage growth means people feel secure in their jobs and confident to spend more.

- **Retail Sales** rose 0.8% in November. For the year Retail Sales are up 5.8% year over year.
- The **Consumer Sentiment Index** fell to 96.8 from 98.5 in November.
- **Consumer Confidence** fell to 122.1 from 128.6 in November - which was a 17 year high.

International & Misc

- Due to OPEC supply cuts, crude oil hit \$60.00 per barrel, the highest price since 2015.
- Russia announced they plan on keeping permanent forces in Syria.
- A terrorist group in Turkey has used a drone attached with a bomb. (You knew it was only a matter of time before this started)

This Economic Commentary is written to be a succinct summary of the major Economic Indicators and Economic Data that greatly influence the Mortgage and Real Estate Industries. It is geared for Mortgage Professionals that need to stay abreast of Economic Information but don't have hours to research and analyze Economic Data. The Economic Calendar is attached as a PDF. You can view it on your computer, or print it out to post in a visible spot so you won't be surprised by interest rate changes due to the release of Economic Information.

Mid America Mortgage Wholesale Lending Division
www.mamtpo.com

Disclaimer - The content in this newsletter has been created by an independent third party for use by Mortgage and Real Estate Professionals only and not for use by Consumers or as an advertisement to extend credit or solicit mortgage originations. The material provided is for informational and educational purposes only and should not be construed as investment, legal, financial, or mortgage advice. The information is gathered from sources believed to be credible, some is opinion based and editorial in nature. Mid America Mortgage Inc and Mortgage Elements Inc does not guarantee or warrant its completeness or accuracy and there is no guarantee it is without errors.