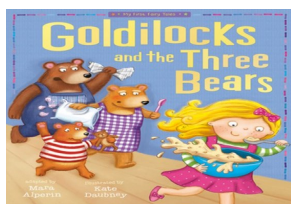




The Elusive Goldilocks

We have seen so many words describing our economic climate during the past few years. Words/phrases such as soft-landing, stagflation, sticky inflation, recession, qualitative tightening and more. There are so many that it is hard to keep up with the nomenclature. This week, we would like to bring one more to the table—the famed Goldilocks. Yes, the character famous for visiting the three bears.

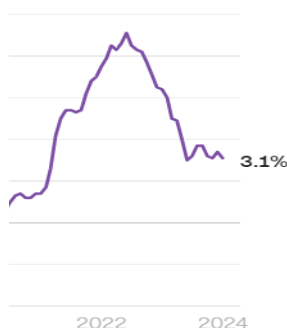


Why are we looking for Goldilocks? Well, we want a few economic reports that are not too hot and not too cold. At the start of the year, we talked about how strong the job market has been. We keep repeating the statement that you can't have a recession when you are adding hundreds of thousands of jobs per month.

However, unless the pace of jobs growth slows, it is unlikely that we will see the Federal Reserve lowering short-term interest rates anytime soon. It is so hard to root for the economy to create less jobs, but we need the porridge to cool somewhat.

The bottom line is that a hot job market will keep forcing labor costs higher which in turn will keep the Fed from achieving their goal of a 2.0% inflation rate. What's more, the lack of listings in the market continues to support increasing real estate prices, another inflationary factor. We have made great progress against inflation, but the Fed has made it clear they need to finish the job and it is not likely we will see a rate cut in March, especially considering the inflation numbers we saw in February. The conclusion? Like Goldilocks—we need to cool it... ▢

The Inflation Picture



Single Women Moving to Own

Although U.S. women still trail men when it comes to pay, they are pulling ahead financially in one important way of building wealth: homeownership.



A recent study from LendingTree shows that single women own 2.7 million more homes than their male counterparts, with roughly 13% of those women holding the titles to their homes, compared to 10% of men. "A home for most people is going to represent the biggest portion of their overall net worth," Jacob Channel, sr. economist at LendingTree.

Women have historically faced social and economic barriers to wealth creation, and they continue to earn an average of just 82 cents for every dollar men earn for the same work, according to the Pew Research Center. Yet, according to the study, single female homeowners outnumber their male peers in 47 states. Home equity accounts for nearly 28% of household wealth on average, according to a 2020 U.S. Census Bureau report.

Channel notes that most homes are owned by couples and families. Overall, American women's net worth still falls well below that of men. According to the Federal Reserve Bank of St. Louis, the median wealth of women-headed households is 45% lower than those headed by men... ▢

Source: CBS News

Selected Interest Rates

February 22, 2024

- 30 Year Mortgages—6.90%
- 2023 High (Oct 19)—7.79%
- 2023 Low (Jan 26)—6.09%
- 15 Year Mortgages—6.29%
- 10 Year Treasuries—4.33%

Sources—Fed Reserve, Freddie Mac
 Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.

Not Waiting For "I Do"

While pursuing homeownership without a partner isn't the norm for all Americans, single homeowners are becoming more prominent in the home purchase market.

A recent PennyMac survey revealed the driving trends and potential roadblocks to purchasing a home for singles. Over half of respondents believe the idea of waiting for a significant other to buy a home is outdated. The survey highlights the role societal pressures played in homebuyers' decision to purchase and the biggest challenges they faced. While some homebuyers have the luxury of using monetary gifts from family for down payments, some 67% surveyed single homebuyers saved for it on their own and didn't have any financial assistance from family and/or friends.

The most popular down payment range reported by both male and female respondents was 6%–10%, with most individuals (65%) purchasing a home in the \$0-\$250,000 range. There are many reasons why people choose to buy a home, from the opportunity to build their own equity to reaping potential tax benefits. According to our survey, it's not cultural norms, as 70% of respondents did not feel societal pressure to buy a home.

Like many others, half of single homebuyers were prepared to acquire their own home. They made the decision to start building their own equity because 43% of respondents said they had leased on their own before buying a house... ▢

Source: MReport

Did You Know...

The latest quarterly report from the National Association of Realtors (NAR) unveiled a significant uptick in home prices across more than 85% of metropolitan markets. According to the NAR report, 15% of the 221 tracked metro areas experienced double-digit price increases in the fourth quarter of 2023, representing a notable uptick from the previous quarter

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