

End of July Trifecta

Every month we have important economic data releases and events. But only a few times per year do we have the most important releases lined up during the same week. Our definition of a trifecta is a short period of time in which we have the first reading of economic growth for a quarter (Second Quarter GDP), a meeting of the Federal Reserve’s Open Market Committee (FOMC) and the jobs report (BLS Employment Situation). The end of July/beginning of August is a trifecta period as all the stars have aligned to bring us all three events within three days.

Such a confluence of events would ordinarily bring the potential of volatility to the markets, and this trifecta is no exception. As a matter of fact, recent news has served to raise the stakes this time around. For example, there is unprecedented pressure from the Administration being placed on the Federal Reserve to act on lower rates, which is very unusual since the Fed acts as an independent agency. Add the fact that the first quarter showed negative economic growth, which means that a second quarter of negative growth would add to this pressure to lower interest rates.

One area which has been a strong point for the economy for the past several years has been the creation of jobs. It is hard to envision a recession within an economy which is creating plenty of jobs. The jobs report will be released two days after the Fed meets and the GDP report is released. Therefore, it will be hard to factor this data into the Fed’s decision.

Regardless of the results, these few days will serve to be a very interesting period for the markets. Hang onto your hats as we might see some interesting reactions to this trifecta, regardless of how the numbers play out...📊



Here Comes VantageScore

The Federal Housing Finance Agency announced that Fannie Mae and Freddie Mac, will begin accepting VantageScore 4.0 for mortgage underwriting, either alongside or in place of traditional FICO credit scores. This change has the potential to provide potential homebuyers with an extra boost that can either qualify them for a mortgage or reduce the cost of the loan. VantageScore 4.0 is a newer model developed by the three major credit bureaus (Equifax, Experian and TransUnion) that analyzes changes in credit data over time and includes additional data points, such as rental, utility and telecom payments, in the credit report, rewarding borrowers for making timely payments. These data points have traditionally been excluded from credit reports.

The National Association of Realtors® praises the FHFA decision as a win for real estate professionals and consumers. The modernization of the credit scoring system will help borrowers, especially those with limited credit, to gain access to a competitive housing market. NAR Executive Vice President and Chief Advocacy Officer Shannon McGahn stated that “This is a major step toward a more accurate and equitable mortgage underwriting process, one that considers timely rent, utility and telecom payments as indicators of creditworthiness. These are real-world factors that show how people pay their bills and should count when determining if someone qualifies for a mortgage.”...📊

Source:
Realtor Magazine

The Cost of Lower Scores

Mortgage Research Network released a study finding that high-credit score buyers buying a home with a low-credit spouse could pay an average additional \$63,000 over their average homeownership tenure. That works out to an average of \$437 in additional cash per month, or a 14.4% increase.

Mortgage Research Network defined a high-credit score buyer as someone with a score above 760 and defined a low-credit score buyer as someone with a score below 640. The added \$63,000 comes from a mix of higher interest rates, steeper mortgage insurance premiums and more expensive homeowners insurance.

“Research has long shown that couples with similar and higher credit scores are more likely to stay together, but our study highlights another important reason to pay attention to credit before tying the knot,” said Tim Lucas, Lead Analyst at Mortgage Research Network. “Beyond relationship stability, a partner’s low credit score can significantly increase the cost of buying a home, most people’s biggest investment, by thousands of dollars over time. Understanding these financial impacts early can help couples make smarter decisions together.”...📊

Source: The Mortgage Bankers Association

Did You Know...

Investors accounted for nearly 27% of US home purchases in the first quarter of the year, the highest level in at least five years, according to BatchData. BatchData reports that mom-and-pop investors account for the vast majority of investor-owned properties, while institutional investors with 1,000 or more homes account for just 2.2%

For the first time since 2017, the number of existing U.S. homes purchased by foreign buyers has increased, possibly signaling a turning point for international interest in U.S. real estate, according to the National Association of Realtors®.

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Monthly job creation in the U.S.

Jan. 2022–June 2025

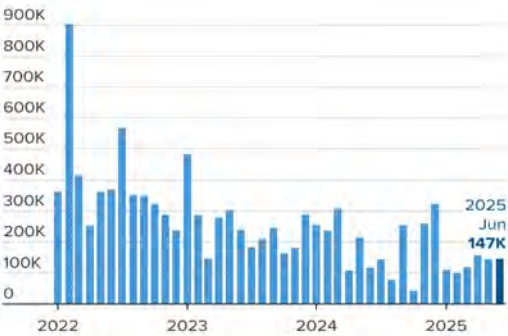


Chart: Gabriel Cortes / CNBC
Source: U.S. Bureau of Labor Statistics via FRED
Data as of July 3, 2025



Selected Interest Rates

July 24, 2025

30 Year Mortgages——6.74%
2024 High (May 2)——7.22%
2024 Low (Sept 26)——6.08%
15 Year Mortgages——5.87%
10 Year Treasuries——4.39%

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.