

Anti-fraud Products; New MSR Index; Primer on Tariffs, Inflation, and Rates

By: Rob Chrisman | Tue, Jun 4 2019, 9:28 AM

What does \$3.4 million buy you in Joisey? A 5,600 square foot house on 1.5 acres. In this case, it was [the house](#) owned by New Jersey's Tony and Carmela in The Sopranos. (Ducks in the pool not included.) What does \$3.4 million take down in mountains of Colorado? How about [447 acres with a stunning ranch house](#).

Lender Services and Products

Lending solutions provider Data Facts is offering a complimentary webinar on Wednesday, June 5 at 2pm CT. "The New URLA Update" webinar features industry expert David Luna, who will talk about the changes already taking place in the mortgage industry and how they will affect your ability to gain customers and close loans. [Save your seat. Data Facts](#) offers a full-circle portfolio of customizable solutions that helps lending professionals make sound decisions and maximize efficiencies. Its products include credit reports, verifications, flood, fraud, lead gen products, an appraisal ordering platform, and more. Data Facts offers a variety of seamless LOS integrations (Encompass, Calyx, Byte, etc.) and a 100% US based customer support team for personalized service. And it NEVER offshores your data! Enjoy a transformative digital mortgage experience at a cost-effective price that helps you drive efficiency, increase market share, and close more loans, faster and easier with Data Facts.

Facebook has made recent privacy changes that will have a big impact on how lenders utilize this social media giant. The good news? Updates to Facebook's ad targeting and communication settings will make it far easier for lenders to get the most out of the platform. [Read the full update here](#).

Simplify your underwriting process with Loan Product Advisor asset and income modeler (AIM). Through the expertise of third-party service providers, AIM automates the manual processes of assessing borrower assets and income. AIM reduces the burden of traditional documentation, speeds up the loan origination process and helps you close loans faster. Freddie Mac is working hard to bring you solutions that create efficiencies for your business and improve the borrower experience - giving you a competitive edge. These capabilities are available now. Gain greater efficiency in your underwriting processes with AIM- get The Freddie EdgeSM.

FundingShield is the market leading FinTech providing secure wire fraud prevention, closing agent vetting and closing document certification tools. FundingShield has the industry's largest database of over 50,000 closing party accounts with current valid data allowing lenders to lower their cost, shorten SLAs and add to the bottom line. FundingShield's cloud-based, plug 'n play, AI and machine learning cognitive solutions are the only FinTech solutions of their kind that are integrated into Ellie Mae's Encompass LOS. Lenders can access FundingShield's loan level Guardian & WAVs products to conduct validations of settlement party licenses, CPLs, good standing checks, bank account / wire verification and more with a single click or via the firm's robust APIs! Loan level warranties can cover good settlement up to \$5mm per transaction. Contact Sales@Fundingshield.com or 800.295.0135, ext. 2, to discuss solutions or to set up a demo.

XINNIX will provide a FREE Webinar on June 12 (valued at \$99) featuring top performing loan officers found in recent XINNIX programs. These Loan Officers will share some of their strategies and tactics that helped them perform at a level worthy of recognition in their own companies and as top producers in their markets. In this webinar you will learn the characteristics that separate top performers from average performers, three key disciplines that top performers consistently execute, and three simple strategies that will impact your business immediately. Seating is limited, so don't delay. [Register today!](#)

Your broker business relies on two things: Clients coming in your door, and having elite professionals to assist them. Quicken Loans Mortgage Services (QLMS) can help you with both if you're a Pinnacle member. QLMS just announced free marketing and recruiting advice for its Pinnacle members. If you're a member, you now have access to annual recruiting and marketing consultations with some of Quicken Loans' best recruiters and marketers who will create custom strategies for your business. If these new benefits aren't enough, you also have a handful of existing perks like free 5-day rate lock extensions, direct access to the Fresh Start Team to help your clients improve their credit scores and one-of-a-kind events specifically for Pinnacle partners that combine unique experiences with education and interaction with Quicken Loans leadership. [Connect with QLMS here](#) or contact your QLMS account executive to learn how you can become a Pinnacle member and grow your business.

Capital Markets

Servicing values figure into mortgage pricing, which in turn impacts rate sheets. MGJ Advisory Solutions is releasing the bank residential

Mortgage Servicing Asset Index (**MSAI™**).

For the better part of this year we've been bombarded with **talk of an impending recession**, given slowing economic growth and a brief yield curve inversion. Overall the US economy remains in generally good shape, however, despite worries about tariffs and deteriorating global economic conditions. A focal point for anyone watching the economy is consumer spending, which accounts for nearly 70% of the GDP calculation. As the consumer goes, so does the economy. Spending has been mixed over the past few months. And on the manufacturing front news has been mixed as well when you look at durable goods and ISM manufacturing surveys. Slower expansion is still expansion. Employment continues to be solid as well, and we have some numbers coming out this Friday. With labor conditions still very tight, it would suggest that any pull-back in consumer spending would not be prolonged.

Recent data **has not brought any surprises** or changes to the current economic picture in the United States. Inflation remains near the Fed's target of 2% and labor market conditions are strong. Small business optimism edged higher by 0.1 points signaling that small business continue to expand, adding 0.5 net workers per firm. Twenty one percent of owners reported the ability to find qualified workers as their most important business problem. Job openings continue to outnumber unemployed workers although the vacancy rate declined. Despite the slowdown in hiring, initial jobless claims fell to a near 50-year low. On the inflation front, both the Producer and Consumer Price Indices saw modest gains for the month of March driven by a rise in energy prices. Both were barely changed, however, at the core level which excludes energy and food prices. The increasing inflation has led to slower growth in real wages but inflation is not expected to accelerate in the near term.

Markets don't like uncertainty and we have seen our share of that as trade talks with China stalled and have, in turn, pushed a meaningful infrastructure bill aside. Real disposable income was up just 0.1 percent in April and person spending was unchanged for the month. Corporate profits declined \$54.6 billion in the first quarter for the second straight quarter. While consecutive drops in corporate profits are not uncommon, continued declining profits could be troublesome for the US economy. On a bright note, consumer confidence increased 4.9 points to 134.1 in May which is near last fall's peak. Combined with lower interest rates, this should be welcome news for the housing and auto industries. House price appreciation slowed in March according to the Case-Shiller US National Home Price Index. Mortgage rates continue to benefit from the uncertain economic outlook and while mortgage applications were down for the week ending May 24, they are up on a year-over-year basis. Speaking of rates, **the Fed is expected to leave rates unchanged at their upcoming June meeting**, however, the market implied odds of a rate cut before the end of the year have increased to roughly 83 percent.

Economists at leading banks warn that the likelihood of recession should not be underestimated if the US-Chinese standoff worsens. Investors are generally of the view that the trade dispute could drag on for longer, but they appear to be overlooking its potential impact on the global macro outlook. A higher tariff of 25% on Chinese imports has begun, while President Trump has rescinded India's status as a developing nation, likely ending its ability to export to the US duty-free. Many wonder if Trump is using tariffs to push our economy down, thus forcing the Fed's hand in lowering short-term rates.

Downside risks to the US economy have been top of mind stemming from fears surrounding the **trade dispute with China as well as new tariffs on Mexican imports**. As a result we saw a flight to quality and the Treasury yield curve became inverted. Tariffs are affecting corporate supply chains and are expected to adversely affect profits. Consumer prices are also expected to rise as a result of the increased taxes on imported goods. It is also possible that the prices of domestically produced goods will also rise as the price of the imported goods they compete with rise. For the moment, inflation remains at or below the Fed's target and first quarter final domestic demand growth was the weakest in nearly six years. This has created a shift in market sentiment where the market is now expecting the Fed to cut interest rates before the end of the year when just a couple months ago, we were talking about how long the Fed would pause before continuing to increase rates.

U.S. Treasuries rallied again yesterday, including the 10-year closing -6 bps to 2.08 percent as discussions now center if it will go below 2 percent, and the subsequent impact on mortgage rates. The rally was driven by disappointing manufacturing PMI from the eurozone and China's government releasing a White Paper placing the blame on the U.S. for the breakdown in trade negotiations, saying it is still willing to negotiate but won't bend on its key economic principles.

Global growth concerns increase every day and yesterday saw the U.S. end India's designation as a beneficiary developing nation, likely losing the ability to export products to U.S. without tariffs; and the Chairman of President Trump's Council of Economic Advisers announced he would step down. Markets also received the lowest ISM Manufacturing Index reading (52.1 percent) since 2016, reflecting a deceleration in manufacturing activity that will continue growth concerns for the U.S. economy. And total construction spending missed expectations as it was unchanged in April as a result of a decline in residential spending. Rate-cut expectations were again adjusted upward; adding fuel to the fire was St. Louis Fed President Bullard saying he **thinks a rate cut may soon be warranted to boost inflation**.

Today's calendar is relatively light on data but busy with Fed speakers, and their remarks will be of particular interest given the recent increase in implied likelihood of rate cut(s) this year. On tap are Chicago Fed President Evans, New York's Williams, Dallas' Kaplan, and

Fed Chair Powell. Economic data begins here shortly with Johnson Redbook Chain Store Sales Index for the week ending June 1, and will be followed later in the morning by April factory orders. That is it for domestic releases as we begin today with Agency MBS prices worse/down .250 versus Monday afternoon and the 10-year yielding 2.12%.

Jobs

“Recruit better and smarter with Model Match. Model Match helps forward-thinking mortgage professionals source and attract qualified talent. Our powerful Talent Management Software (TMS) brings your entire pipeline and team into one central, collaborative space helping your efforts with candidates stay organized and on-track. The Model Match ecosystem was designed by Mortgage Recruiters, for Mortgage Recruiters. Combined with our Market Insights solution, we help eliminate the guesswork of prospecting allowing you to target producers doing the type and amount of business best matched to your organization. Set the criteria and we do the rest. We'll identify and provide visibility into a complete production report including last fiscal year volume, trailing 12 months, most recent 90 days, unit counts, average loan amounts, product mix, contact details and much more. [Click here](#) to see the value Model Match brings to the industry.”

Award season is wrapping up, and Academy Mortgage and its Loan Officers have taken home several top honors for 2018. Scotsman Guide released its list of Top Mortgage Lenders, on which Academy ranks in the top 20 for Top Retail Volume and Top Overall Volume. Academy has 10 Loan Officers appear across Scotsman Guide's lists of Top Originators for different categories, including Top Dollar Volume and Most Loans Closed. Mortgage Executive Magazine also names Academy in its top 20 of the Top 100 Mortgage Companies in America. An impressive 46 Academy Loan Officers rank on the publication's list of the Top 1% in America, with five included in its Top 200 in America. Academy Loan Officers were also recognized by National Mortgage News, MPA Magazine, NMP Magazine, and HousingWire. If you're interested in joining an award-winning company to power your Potential, contact Chad Melin, VP of National Business Development.

“Focused on the simplest path to homeownership for our loan officers and their clients, GoPrime Mortgage, Inc. believes in local service, local engagement and local lending. With unbeatable service, dedication to the best back-office support and top-notch technology—GoPrime Mortgage, Inc. will continue to go above and beyond for our team members so they can stay focused on delivering extraordinary service to their clients. We are thrilled to take the next step in customer service and community connections as GoPrime Mortgage, Inc. For more information about our new look, please visit our blogs at www.goprime.com.”

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