



ECONOMIC UPDATE

For The Month Ending September 30, 2015

Stocks stabilize in September after dropping sharply in August – Although the economy showed that the pace of growth was slowing in September, the stock markets stabilized after dropping sharply in August in part to people's fear of weakness in the Chinese economy. The Dow Jones Industrial Average closed the month at 16,284.70, down from 16,528.03 on August 31. The S&P 500 closed the month at 1,920.03, down from 1,972.18 at the end of August. The NASDAQ closed the month of September at 4,620.17, down from 4,776.51 on August 31.

Treasury Bond yields dropped in September – The 10 year Treasury bond yield closed the month at 2.06%, down from August's close of 2.21%. The 30-year Treasury bond yield closed on September 30 at 2.87%, down from August's close of 2.95%.

Mortgage Rates fell in September – The 30 year fixed rates ended the month around 3.75% for loans up to \$417,000, and around 3.875% for loans over \$417,000. The 15 year fixed rate loans are about 3.00% for loans up to \$417,000; higher loan amounts have rates that are around 3.25%. 5 Year-ARM and 3-Year ARM rate are both around 3.00%.

The Labor Department reported that US employers added 142,000 new non-farm jobs in September – The unemployment rate remained at 5.1%, its lowest level since 2008. It was a disappointing report as experts expected 203,000 new jobs. This was the second straight month that job growth fell well below expectations, as August was revised down to 136,000 jobs from 172,000. Many experts feel that the Fed's decision not to raise interest rates is better understood as the last two months have been the weakest in several years. Average hourly wages also fell for the first time this year after July and August looked like wage growth was beginning to pick up. This was a bad report in every way, except for interest rates, which dropped to the lowest levels of the year. The report shows that falling oil prices, a strong dollar, weakness in both China and Europe are beginning to cause slowing in the U.S. The energy sector lost 12,000 net new jobs in September, after losing 9,000 in August, bringing the total loss of energy sector jobs to 100,000 so far this year, as a result of falling oil prices.

California employers add 36,200 non-farm jobs - The state's unemployment rate dropped to 6.1% in August from 6.2% in July. Unemployment is at its lowest level since January 2008 in California according to the Bureau of Labor Statistics. Since August of 2014 the state has gained 470,000 jobs. This represents an annual growth rate of 3%, which has outpaced the national average of 2.1% for the 50 states.

The University of Michigan's final reading on consumer sentiment for September moved higher – It ended the month at a reading of 87.2 from an initial reading of 85.7 at the beginning of the month. The average reading since its inception has been 85.3, while the average readings during the five recessions since its creation has been 69.3. During non-recessionary years the average reading has been 87.5, which is right about where we are. Consumer sentiment is important because consumer confidence is so closely tied to their spending which accounts for nearly a third of the economy.

Second quarter GDP revised upward - The Commerce Department said Friday that the second quarter gross domestic product showed a growth rate of 3.9%. This was higher than their initial estimate of 3.7%. The Commerce Department also said Friday that consumer spending rose 3.6% during the quarter, which was up from an initial estimate of 3.1%.

Important gages show no threat of inflation - The Labor Department said that its Producer Price Index was unchanged in August after gaining 0.2% in July – In the past 12 months ending in August the Producer Price Index has shown prices declining 0.8%, the 7th straight past 12 month decrease in the index. This is mostly attributed to lower energy costs due to falling oil prices, and low import costs due to a stronger dollar.

Pending home sales decline in August, but numbers are still above last year's levels - The California Association of Realtors reported that pending home sales fell 8.7% in August from July. While monthly pending home sales were down, year-over-year pending home sales in August were still up 12.8% from August 2014. It was the 10th straight month of year-over-year increases in the number of pending sales, and the 7th straight month of double-digit year-to-year gains.

California existing home sales and prices are beginning to level - The California Association of Realtors reported that the number of homes sold in August dropped 3.8% on an annualized level from the number of homes sold in July. Sales were still up 9.3% from the annualized number of homes sold last August. This year the number of sales have been much higher than last year, which was the lowest number of sales in decades, but those increases were moderate in August. Prices are beginning to level as well, according to The California Association of Realtors. The statewide median price in August was up 1% from July, and up only 2.5% from August 2014. It's unusual to see prices stabilize with such a low number of homes on the market. Either inventory can raise quickly or prices can begin to rise in this environment. Unfortunately, we won't know for sure until one or the other has happened!

OCTOBER 2015

RODEO REALTY UPDATE



Jane Agent

REALTOR®

CalBRE License #00000000

000.000.0000

jane@janeagent.com

www.janeagent.com

PRSRT STD
US Postage
PAID
Santa Clarita, CA
Permit No. 761



Rodeo Realty believes all information to be deemed reliable, but assures no legal responsibility for its accuracy.

JANE AGENT

This is not intended as a solicitation if your property is currently listed.

RODEO REALTY
MARKETING DEPARTMENT

