

L'économie US finit 2018 et voeux 2019 par Rafic Vartan

Market update for the week ending December 29 2018



CRUDE OIL 45.12 GOLD 1.276.70 SILVER 14.98 EUR/USD 1.14

Stocks rebound to end week higher - Stock markets snapped a three week losing streak to end the week higher. It was a wild week. Monday marked the largest Christmas Eve loss ever. Tuesday markets were closed. Wednesday stocks had their best point gain in history, with the Dow up over 1,000 points! Thursday stocks were down all day, but rebounded with the Dow ending the day up over 200 points, a swing of over 800 points for the day. Friday the Dow lost 76 points. The Dow Jones Industrial Average closed the week at 23,062.49, up from 22,445.37 last week. It is down 6.7% year to date. The S&P 500 closed the week at 2,485.74, up from 2,416.62 last week. It is down 7% year to date. The NASDAQ closed the week at 6,584.62, up from 6,332.99 last week. It is down 4.6% year to date.

Treasury Bond Yields ended the week slightly lower - The 10 year Treasury bond closed the week yielding 2.72%, down from 2.79% last week. The 30 year Treasury bond yield ended the week at 3.04%, unchanged from 3.03% last week. We watch Treasury bond yields because mortgage rates follow bond yields.

Mortgage rates near the lowest level of the year - The December 27, 2018 Freddie Mac Primary Mortgage Survey reported that the 30 year fixed mortgage rate average was 4.55%, down from 4.62% last week. The 15 year fixed was 4.01%, down from 4.07% last week. The 5 year ARM was 4.00%, almost unchanged from 3.98% last week.

Southern California housing market was less active in November - CoreLogic reported this week that the number of homes sold in Los Angeles County fell 16% in November from the number of homes sold November 2017. The median price paid for a home in Los Angeles County was up 5.8% from one year ago. The median price in all of Southern California was up 3.5% from November 2017. 13% fewer homes sold in Southern California this November compared to last November.

Real estate questions asked by home buyers - Real estate questions abound when you're new to the buying process. Buying a home is thrilling, scary, sometimes weird, often epic, and never dull. You're paying a huge wad of cash for a place you'll inhabit hopefully for years to come. As such, you're bound to have a lot of questions throughout every step of the process. I spill the beans on most common real estate questions you buyers ask. *You're welcome!*

- **What home can I afford?** - That depends, of course on your income and other financial obligations. Plug them into a Home Affordability Calculator for a ballpark figure or meet with a lender to get pre-approved for a home loan (pre-approval makes you much more attractive to sellers). And do it before you start shopping. If you see houses you love outside your price range, it opens you up to disappointment.

- **Can I buy a home and sell my current one at the same time?** - Yes, you can, but it's the real estate equivalent of walking a tightrope. This is one of the trickiest questions to answer. On the one hand, if you buy a home before you sell the one you're in, you're overextended financially. If you sell before you buy, you might need to rent awhile before finding a new place. But there are ways to do both at once, and one option is to instate a "sale contingency" in your contract. This means you only agree to buy a home if you can sell the one you're in. The only downside is if your seller doesn't agree (which is possible if they want the timing set in stone).

- **How many homes should I see before making an offer?** - Up to you! While home shoppers these days can look at hundreds of homes online, they only walk in to check out 10 homes on average before they put in an offer. But keep in mind, this varies tremendously for each person. Some people find their home within hours of hunting. For others, it takes months. If you want to streamline the process, it can help to really hone in on a particular neighborhood you're keen on. That said, if you feel limited by your options, it may be time to expand to surrounding areas.

- **What do you think the seller will accept as a fair price?** - Well it depends. If it's been sitting on the market for months, you can venture below that, but the bottom line is, you never know how low a seller will go, as they have different motivations for selling. If the sellers are eager to move, you could luck out and score a deal.

- **How do I know if the property is a good deal?** - While there's no crystal ball on whether a certain home is a bargain and will appreciate, rest assured that with research, and the help of your agent, you can keep surprises to a minimum. The best way is to check out comps (what similar properties are selling for in the area) and whether those prices have been going up or down in the recent past.

- **How quickly can I close?** - Typical escrow periods are 30 to 45 days. This gives you enough time to do the investigation on the property and get a loan completed. And yes, this due diligence counts.

- **Should I get a home inspection?** - While sometimes buyers wonder if a home inspection is truly necessary, I always say Yes, yes, and yes. A home inspector takes a weight off of your shoulders by looking into the condition of the roof, electricity, heating and air, plumbing. Ensuring these things work prevents you from paying to fix them in the future. If some things

are not up to par, you can negotiate with the seller to get those fixed before you sign the paperwork.

▪ ***When can I back out if I change my mind?*** - While buyers can always back out of a deal, doing so without good reason may forfeit their earnest money (the cash put down to secure the offer, typically around 2%-3% of the home's price). But there are some ways to walk with your earnest money in hand. Contingencies are great loopholes. For example, upon an unsatisfactory home inspection, the buyer can ask for their deposit back.

Happy New Year !