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Feds hold interest rates steady

Source: NBC News

The Federal Reserve on Wednesday left its key interest rate unchanged, a widely expected move that comes despite enormous pressure from the

Trump administration to lower it. The Fed, in a statement announcing the decision, said that economic growth had moderated in the first half of the year but that inflation remained "somewhat elevated."

Two Federal Reserve board officials, both appointed by President Donald Trump, dissented from the decision, which has not occurred in more than three decades – a sign of both the economic uncertainty and the political pressure on the central bank. Ahead of the announcements, traders had put the odds of the Fed maintaining the current rate of about 4.5 percent at a near certainty. The two dissents were also widely expected. Though the President's administration hailed a report Wednesday showing stronger than expected economic activity in the second quarter, buried in it was data showing a key measure of inflation for the first half of the year (six months) coming in at 3 percent – higher than last year's rate of 2.8 percent and far beyond forecasts of 2.2 percent.

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Consumer confidence hits 5-month high despite rising inflation

Source: Forbes

Consumer sentiment improved above expectations last month to a five-month high as Americans appear to be less worried about inflation – even as it spiked this month – according to the University of Michigan's monthly survey released Friday, though those polled still see a substantial risk inflation could rise in the future.

The preliminary reading of the survey was 61.8, above June's reading of 60.7 and slightly above the Dow Jones estimate for 61.4, the strongest sentiment level since February (64.7). Meanwhile, inflation rose year-over-

year to 2.7 percent in June, above average economist estimates of 2.6 percent, while core consumer prices had a 3 percent annual increase.

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California's housing market defies U.S. slump

Source: SF Gate

Alarm bells are ringing about the U.S. housing market as economists warn of slumping home sales and house prices that keep rising. But those warnings may not apply to California. The state is vast and housing markets vary by region, but on average, the major metros in California aren't experiencing the same slumps as the rest of the country. In parts of the Bay Area, home sales have even reached their highest levels since the peak of the pandemic housing boom, according to data from Compass.

Typically, the U.S. housing market peaks in the spring, but this year, it was tempered by a sagging stock market and the uncertainty of looming tariffs. Even despite economic uncertainty, much of the Bay Area is bucking the trend. "The South Bay is one of the strongest markets in the country," said Patrick Carlisle, chief market analyst for Compass Bay Area. "Maybe it's the strongest because of the AI boom." In San Francisco, median home sales were up 8 percent from the first quarter of the year and up 3.5 percent since the same time period in 2024. Even the condo market, which had been struggling since the pandemic, was up 10 percent year over year.

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LA County extends housing price-gouging protections

Source: MyNewsLA
The Los Angeles County Board of Supervisors unanimously approved an ordinance Tuesday extending price-gouging protections on local rental housing through Aug. 30 in accordance with an emergency declaration sparked by January's wildfires. On Jan. 7, a state of emergency was declared following the deadly wildfires, activating price gouging protections that barred price hikes of 10 percent or more on critical goods and services, including housing.

While the declaration remains in effect, the county can continue to extend the protections every 30 days. Supervisor Lindsey P. Horvath said in a statement after Tuesday's vote, "By extending these protections, we're helping ensure that every family has the chance to rebuild without fear of being priced out. If you suspect price gouging, report it to out Department of Consumer and Business Affairs so we can hold these bad actors accountable."

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Developers say affordable housing could soon be more profitable

Source: CNBC
Whether it's in the for-sale or rental market, the affordable housing crisis is only getting worse. There is simply not enough supply, especially in the apartment market, where developers have said it's just too expensive to put up quality, low-income housing. They cite rising costs for land, materials and labor, as well as restrictive zoning regulations. However, developers just got more support from the recently passed tax and spending bill. It expanded the Low-Income Housing Tax Credit by increasing the amount of credits available and lowering the financial

requirements.

Specifically, the legislation permanently increased the 9 percent credit allocation to states by 12 percent. Developers sell these credits to investors in order to help finance their projects. Affordable housing advocates applauded the bill's passage, saying that the LIHTC remains the nation's most effective tool for building and preserving affordable apartment housing. In addition, changes were made to another tax credit for developers that would make it easier to qualify for the benefit. "Together, these changes are expected to produce or preserve more than 1 million additional affordable homes between 2026 and 2035," said David Dworkin, president and CEO of the National Housing Conference, in a release.

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Mortgage demand drops to lowest level since May, as rates stall

Source: CNBC

Mortgage interest rates have barely moved in several weeks, but rates are not what is weighing on consumers most. It's really uncertainty about the economy that worries people more, and this is keeping some from making big financial decisions. As a result, total mortgage application volume dropped 3.8 percent last week from the previous week, according to the Mortgage Bankers Association's seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (of $806,500 or less) decreased to 6.83 percent from 6.84 percent, with points falling to 0.60 from 0.62, including the origination fee, for loans with a 20 percent down payment. Applications to refinance a home loan fell 1 percent for the week and were 30 percent higher than the same week one year ago. Overall refinance volume is historically low. Applications for a mortgage to purchase a home dropped

6 percent for the week and were 17 percent higher than the same week one year ago. Volume, however, is so low that the annual comparison is skewing slightly high. Friday's release of the government's monthly employment report will be the next big driver of mortgage rates.

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