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State Farm wins first-ever emergency rate-hike in California

Source: LAist

State Farm can raise homeowners and other rates starting next month, becoming the first insurance company to win approval to do so on an emergency interim basis in California. The state's largest insurer made the unprecedented request for emergency rate hikes earlier this year, after it said it was in financial distress and expected more than $7 billion in claims because of the Los Angeles County fires in January.

The state Insurance Department staff recommended approval of the company's request, but the Insurance Commissioner Ricardo Lara asked the company for more information about its finances. He also asked whether the insurer could return to its parent company, State Farm Mutual, for help. Lara then conditionally approved but punted the official decision to a judge, who oversaw a three-day public hearing last month to consider the proposed agreement between the department and the insurer. The judge released the decision on Tuesday. The decision means State Farm can raise its rates an average of 17 percent for homeowners, 15 percent for renters and condominiums, and 38 percent for rental dwellings starting June 1.

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California homebuyers catch break, but uncertainty persists

Source: Pasadena Now

California's notoriously tight housing market offered a flicker of relief in the first quarter of the year, with home affordability inching upward even as broader economic uncertainties – including international trade tensions and fluctuating mortgage rates – continued to loom. According to the CALIFORNIA ASSOCIATION OF REALTORS®, the state's housing affordability index rose by two points to 17 percent, marking a modest improvement from the fourth quarter of 2024. That figure remains historically low – meaning fewer than one in five households can afford a median-priced single family home – but it is a welcome sign for buyers after months of stagnation.

The median home price continued its slow upward trend, while average monthly mortgage payments dropped slightly by 1.8 percent quarter-over-quarter, thanks in part to seasonal adjustments and minor income gains. Still, year-over-year payments rose 4.6 percent, underscoring how far out of reach homeownership remains for many Californians.

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Treasury yields rise as US-China tariff truce lowers Fed rate cut expectations

Source: MPA Mag

Mortgage rates could face upward pressure after the 10-year treasury yield jumped Monday, following a US-China deal to pause tariffs that cooled expectations for Federal Reserve interest rate cuts. That yield, a key benchmark for U.S. mortgage rates, climbed seven basis points after Washington and Beijing agreed to a 90-day tariff truce, leading traders to lower the odds of an imminent central bank rate reduction. U.S. officials said massive charges on most Chinese imports would be reduced from 145 percent to 30 percent by May 14, while China will clip its counter-tariffs on U.S. goods to 12 percent from 130 percent.

The détente, which gives both sides three months to agree to a wider trade deal, dramatically lowered the changes of a sharp U.S. economic downturn and boosted confidence on Wall Street, with S&P futures posting a gain of more than 3 percent on the back of the news.

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Nationally, housing more affordable for middle-income earners

Source: Fox News

A newly released report from the National Association of REALTORS (NAR) and Realtor.com found that nationwide inventory has gone up compared to last year as of March, but “access to affordable homes remains out of reach for many buyers.” Among the income levels that the report looked at

nationally, middle-income buyers with $75,000 in annual pay saw the biggest year-over-year increase in the share of homes listed on the market that they are financially able to purchase, going from 20.8 percent in March 2024 to 21.2 percent this year.

At the same time, that remains 27.6 percentage points lower than the share in pre-pandemic 2019 and 26.9 percentage points short of what they should be capable of buying in a balanced market, according to the report. Middle-income buyers have an “affordability gap” of more than 415,900 homes across the country priced below $254,780. “This income group face the largest shortage of affordable listings, said NAR Senior Economist and Director of Real Estate Research Nadia Evangelou. “So middle-income buyers gained the most and that’s very encouraging, yet still have the furthest to go, so there is this middle-income paradox, like biggest gains and biggest gaps.”

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Powell warns of volatile inflation with tariffs' impact

Source: CNN

U.S. wholesale prices sank in April, logging their biggest monthly drop since COVID stifled the economy, as tariffs put a squeeze on profit margins, according to new data released Thursday. The Producer Price Index, a closely watched measurement of wholesale inflation, showed that the prices paid to U.S. producers dropped 0.5 percent in April from the month before, according to Bureau of Labor Statistics data. Economists were expecting monthly prices to rise in April by 0.2 percent and to slow to 2.4 percent on an annual basis. A driving force behind the

downward monthly swing was a 1.7 percent plunge in trade services, a category that measures gross margins for wholesalers and retailers.

Although it's a volatile category, the sharp downward swing in trade services indicates that companies' margins are being eaten away by higher costs from President Trump's tariffs, said Joe Brusuelas, chief economist at RSM US. Separately on Thursday, Federal Reserve Chair Jerome Powell warned that "supply shocks" could force the central bank to keep rates higher over the long term. On Tuesday, the latest Consumer Price Index data showed that overall inflation cooled further for the goods and services Americans commonly purchase. However, some economists pegged some of that softening to weaker demand.

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Homebuyer mortgage demand continues to recover despite rates

Source: CNBC

Mortgage demand from homebuyers rose for the second straight week, suggesting that potential buyers are now more enticed by the increasing supply of houses for sale than they are dissuaded by recent economic uncertainty and concern over tariffs. Total mortgage application volume rose 1.1 percent last week compared with 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) increased to 6.86 percent from 6.84 percent, with points unchanged at 0.68, including the origination fee, for loans with a 20 percent down payment. Applications for a

mortgage to purchase a home rose 2 percent for the week and were 18 percent higher than the same week one year ago. Applications to refinance a home loan fell 0.4 percent for the week but were 44 percent higher than the same week one year ago. The refinance share of mortgage activity decreased to 36.4 percent of total applications from 37.1 percent the previous week.

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