

L'économie US et les vœux de Rafic Vartan

Market update for the week ending December 22 2018

CRUDE OIL 45.42 GOLD 1.259.10 SILVER 14.69 EUR/USD 1.14

Stock markets suffer the worst weekly loss this year - Stock markets officially entered correction territory and the NASDAQ is now in a bear market. It's down 20% from its peak. Fears of higher interest rates after The Fed raised rates for the fourth time this year, increased trade tensions with China, slowing economic conditions in Europe and Asia, falling oil prices, fears of a government shutdown, and political tensions had investors running for cover. The Dow Jones Industrial Average closed the week at 22,445.37, down from 24,100.51 last week. It was down 6.9% for the week and is now down 9.2% year to date. The S&P 500 closed the week at 2,416.62, down from 2,599.95 last week. It was down 7.1% for the week and is down 9.6% year to date. The NASDAQ closed the week at 6,332.99, down from 6,910.77 last week. It was down 8.4% for the week and down 8.3% year to date.

Treasury Bond Yields dropped this week as investors moved money from stocks to treasury bonds - The 10 year Treasury bond closed the week yielding 2.79%, down from 2.89% last week. The 30 year Treasury bond yield ended the week at 3.03%, down from 3.14% last week. We watch Treasury bond yields because mortgage rates follow bond yields.

Mortgage rates remain at the lowest level in three months - The December 20, 2018 Freddie Mac Primary Mortgage Survey reported that the 30 year fixed mortgage rate average was 4.62%, unchanged from 4.63% last week. The 15 year fixed was 4.07%, unchanged from 4.07% last week. The 5 year ARM was 3.98%, down from 4.04% last week. Rates ended the week slightly lower.

California housing market continues to struggle in November - The California Association of Realtors reported that existing single-family home sales totaled 381,400 on a seasonally adjusted annualized rate in November. Year over year the number of homes sold was down 13.4% from last November. The statewide median price was \$544,000, down 3% from October and up 1.5% from November 2017. The unsold inventory index was 3.7 months, up from 2.9 months last November.

How much below the asking price should you offer on a house? - How much below asking price should you offer on a house? Or is it something you shouldn't try at all? Not so simple answer. It all

depends on the market you're in and other factors you should weigh before you lowball with abandon. Every home buyer wants to score a deal, after all. But set your offer too low, and you could risk offending the sellers and having them write you off completely. As such, it's all about striking the right balance. Here are some questions to ask yourself to help you figure out that happy medium.

- **Are you in a buyer's or seller's market?** - Your ability to present a lower offer will depend greatly on current market conditions. Meaning if it's a buyer's or seller's market. So before you make any offer, determine what type of market you're in. Traditionally, buyer's markets come with a lot of flexibility on price, because available inventory is high and houses tend to sit on the market for longer. Here, sellers tend to be more willing to negotiate because offers are few and far between. In a buyer's market, I would not hesitate to submit an offer that's around 10% below asking. Most sellers will at least see that as worthy of a counteroffer. In a seller's market, on the other hand, it's much harder to go below asking price at all, because inventory is low, and multiple buyers tend to be interested in the same properties. So, in this case, it's best not to lowball at all, and offer list price.
- **How long has the listing been active?** - By paying attention to the property history, you can get a better idea of the demand for that house. Two days on the market? Probably not a good idea to go in with a lowball offer. Six months on the market, with price reductions? Go ahead and roll the dice. The longer a house has been on the market, the less of an upper hand the seller has in negotiation. However I also emphasizes the importance of making sure a lowball offer doesn't insult the seller, if you want it to be taken seriously. The rule I've always followed is to never go more than 25% below the listed price. Chances are, after fees, commission, and sentimental value, the sellers are already hurting. If you dip below that point, they may disregard your offer entirely. Your real estate agent should tell you how long the house has been on the market. Ask them to pull it up for you, and use it as a reference as you draw up your offer.
- **How does the price compare to similar homes in the area?** - Once you have a general sense of how much wiggle room you have to work with, it's time to look more specifically at recent sales in your desired neighborhood. Ask your agent to work up a comparative market analysis (CMA), which will show you the list and sale prices for similar homes that have sold in the last few months. Use that as your guide. The comparables should be your go-to on a first offer.
- **How badly do you want the home?** - Last but not least, ask yourself. How would you feel if your offer got rejected? If you think that you'll regret missing out on the home, it may be worth it to consider offering exactly what they're asking for (or a bit more) to seal the deal that the home will be yours. If you want the home badly enough, you need to make the seller an offer they can't refuse. However, if you think you'll be able to move onto the next property without issue, there's no harm in trying to score a deal.

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My dear friends,

*I would like to thank you all for this amazing year.
I am so honored and grateful to have been given the opportunity
to assist you and your families in all your real estate needs.
I wish you all a Merry Christmas and a happy new year 2019.
May this upcoming year bring happiness, health and success
to you and your loved ones.*

Rafic Vartan

