

I HAVE A DREAM HOME

JANUARY NEWSLETTER

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2023 Predictions

For the U S Economy & Mortgage/Banking Industries



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2023 PREDICTIONS FOR THE U.S. ECONOMY



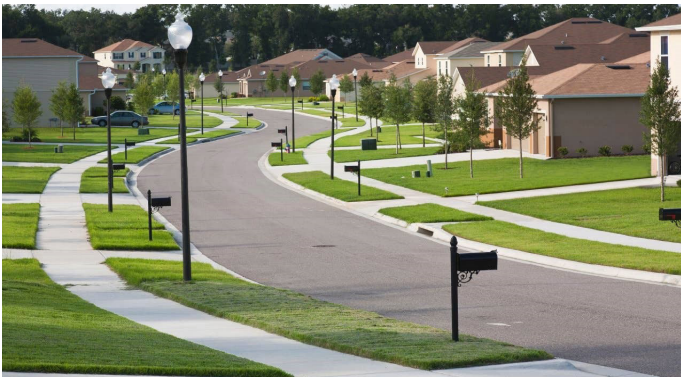
In an interview with CBS News' "Face the Nation" that aired Sunday January 2, 2023, Kristalina Georgieva, head of the International Monetary Fund (IMF) revealed that 2023 will be a tougher year for the global economy than 2022. "Why? Because the three big economies; the U.S, EU and China are all slowing down simultaneously." She further added: "Even countries that are not in recession, it would feel like recession for hundreds of millions of people."

Georgieva told Face the Nation that the US economy was the "most resilient" and could avoid recession because its labor market was strong. However, this could mean interest rates remain higher for longer to bring inflation down, she said.

The interview revealed some interesting findings; first, for the first time in 40 years, during 2022 China grew in line with or below the global average. This is due to China's zero- COVID policy which prompted protest across the country; although, the country has taken steps to relax its policy. The aftereffects will create a "bush fire" of infections nationwide for the next 3 to 6 months.

Half of the European Union will be in recession in 2023 because the Ukraine war has driven up energy and food prices, she said. The situation for emerging markets was even more dire, she said, "because on top of everything else, they get hit by high interest rates and by the appreciation of the dollar. For those economies that have high level of that, this is a devastation." The IMF has forecast that global growth will drop to 2.7% or less in 2023, compared with 6% in 2021 and 3.2% in 2022.

2023 PREDICTIONS FOR THE MORTGAGE INDUSTRY



Will Mortgage Rates Continue to Climb?

With interest rates roughly doubling from their lows in early 2022, it's a fair assumption that the cost of financing a home won't be coming down this year. But how about across 2023? Is there any light at the end of this dark tunnel?

Some say no. "Continued inflation, overall higher interest rates, a potential recession, and geopolitical tensions will force 30-year and 15-year mortgage rates up throughout 2023 and will bring the two rates closer together as short-term risks rise," cautions Dennis Shirshikov, a strategist at Awning.com and a professor of economics and finance at City University

of New York, who foresees the 30-year and 15-year benchmark mortgage loans averaging 8.75 percent and 8.25 percent, respectively, across 2023.

Will 2023 be a Buyer or a Seller Market?

Some experts believe affordability issues and economic worries will depress home buyer demand, and inventory of homes available for sale will remain limited. So it'll continue to be more of a balanced market than tilting one way or the other." On the other hand, some experts anticipates sellers holding fewer cards. "It will be a buyer's market in 2023 as many reluctant sellers – those waiting for the market to turn around – will likely capitulate, adding to more housing supply.

Will Homes be More Affordable?

"If inflation pressures ease and we see a meaningful pullback in mortgage rates next year, this will ease some of the strain on buyers – but only a bit," explains McBride. "Prices will remain fairly steady, and in a lot of markets that's a price that is 40 percent or more higher than pre-pandemic."

“Home prices will not fall proportionally,” Shirshikov thinks. Any “fall in prices will not be enough to offset the rising interest rate and its contribution to the monthly [mortgage] payment.” As a result, homes may even seem less affordable, he says. The impact of higher mortgage rates and lower home prices in 2023 will likely cancel each other out to a great extent, Johnson agrees. His take: “Overall home affordability won’t change dramatically.”

Bottom Line of the 2023 Housing Market

Most experts are in consensus: 2023 will be something of a transitional year, characterized by uncertainty. The housing market will be tepid with only lukewarm demand and a limited amount of inventory available for sale. However, mortgage rates could pull back meaningfully next year if inflation pressures ease.

The hope is that, as supply and demand within the housing market normalizes, interest rates can start to come back down to earth. Until this happens, those who simply cannot afford the costs of borrowed money will have to continue to wait. For those waiting on the sidelines holding out hope that rates may soon drop, they might have to accept the fact that the lower-rate financing windows open in 2020 and 2021 have closed.

But if mortgage rates don’t move much, “that means borrowers will pursue fewer purchase loans and we will see a continuing decline in rate-based refinance activity. With more homeowners staying in place, we also might see an uptick in home equity loans and home equity lines of credit over the course of the year.”

BANKING INDUSTRY PREDICTIONS



According to Deloitte, the global economy remains fragile going into 2023. Uncertainties abound due to an unprecedented confluence of factors—Russia’s invasion of Ukraine, supply chain disruptions, the meteoric rise in inflation, and tightening monetary policy across the world. And the potential for a mild recession or stagflation in certain economies is high.

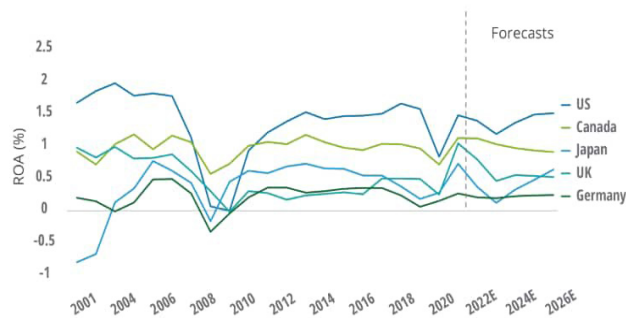
The ripple effects from a more fragile and fractious global economy will be felt disparately across the global banking industry (*figure 1 on right*). Large, well-capitalized, diversified banks should weather the storms reasonably well.

Over the long term, banks will need to pursue new sources of value beyond product, industry, or business model boundaries.

The new economic order that will likely emerge over the next few years will require bank leaders to forge ahead with conviction and remain true to their purpose as guardians and facilitators of capital flows.

Banks should be bold and stay ahead of the curve, proactively shape emerging forces, and envision the possibilities beyond the current fog of uncertainties.

FIGURE 1
Bank profitability will remain subdued and vary by country
ROA forecasts for different geographies



Source: Deloitte Center for Financial Services forecast using Economist Intelligence Unit database.
Deloitte Insights | deloitte.com/insights

Sources

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- [2] Duffy, K. (2023). IMF chief says 2023 will be tougher for the global economy than 2022, with a ‘bush fire’ of COVID-19 infections about to sweep China. *Business Insider*. [IMF Chief Georgieva Says 2023 Will Be Tougher Than 2022 \(businessinsider.com\)](#)
- [3] Martin, E. J., & Segal, T. (2022). Housing Market Predictions for 2023. *Bankrate*. [Housing Market Predictions For 2023 | Bankrate](#)

Happy New Year

Here's to Leaping into New Beginnings!



QUOTE OF THE MONTH

“Never underestimate the power you have to take your life in a new direction.”

~ Germany Kent

COMPANY NEWS

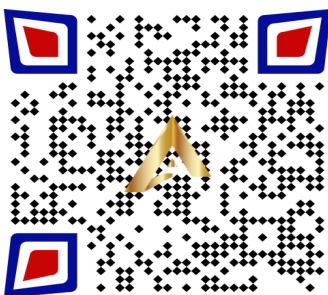
RegCF Investors - Important Update

Current Investors

KoreConX has added some **new features** for current investors; specifically, two-factor authentication and a brand-new mobile app. KoreID enables current shareholders to view their investment, receive reports, news releases, messages, and to instantly re-invest in Assetcoin. Be sure to check your email for information on these new features.

New Investors

The RegCF Investment Process is fairly simple and entails four sections that must be completed; basic info, investor info, funding info and sign & finish. For a step-by-step details on how to invest in I Have A Dream Home email us at ihaveadreamhome@assetcoin.gold.



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