Welcome to N. Tarrant Property Notes for

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Declining consumer sentiment could be a plus for investors.

Do you remembe what happened to real estate in New Orleans and Houston in the aftermath of a massive hurricane? A mass exodus to Houston of former residents of the 'Bid Easy' drove rents and demand for housing through the roof. With what Hurricane Harvey to the Houston metroplex, demand for DFW region properties culd also go through the proverbial roof.

The clouds dumped a lot of bad news on the credit markets last week, but believe us when we say things could have been much worse.

The week opened with the Hurricane Irma concerns for Florida doing something quite unusual to the financial markets. There was a very curious mood in the financial markets with the N. Korean situation, the weather storms and the potential for stimulating business in their aftermath and unbridled optimism the Fed cannot raise rates again this year for all those reasons and a sluggish economic environment.

There is a very telling underlying reason why the national economy has been sluggishing as it has been of late. Prices of goods and services are far and away outpacing income growth. While job creation growth and average numbers of new jobless claims in recent months have given way to speculation that spending will increase and the economy will break out of its doldrums, consumers don't see things the same way. The new job creation figures do not break out minimum wage jobs from higher income ones, so job creation figures can be very misleading.

Ever since the 2008 economic meltdown, wage earners have been struggling paying their bills. One of the numbers that jumped out at us recently is the large decline in the savings rate as disposable incomes for wage earners are in short supply. Many economists now believe without a wage breakout, our economy may languish for a long time. This reality has yet to make its way into the consciousness of the financial markets and investors.

Early in the week we got some key inflation reports that also led to a belief that inflation was approaching the annualized 2% Fed target level for a rate hike and this triggered a wave of bond selling, stock buying and higher home loan rates. One rising inflation report does not constitute a change in direction or a new paradigm, but investors are reactive.

An enigma for our policymakers is that our government sees China as the key to reigning in N. Korea. If that leads to sanctions for China to apply more pressure on the rogue nation, it could disrupt the entire global economic order with negative consequences. It's worth watching what unfolds.

The week closed with the news that consumer sentiment in September is taking a big downturn and this drove the prices of mortgage-backed securities higher. With the upcoming week's key housing data queued up we suspect a return to price improvements in the credit markets and lower home loan rates, but… Stay tuned.