



John Olson's Mortgage Minute



"Your Trusted Business Partner"

**Week of
August 30,
2009**

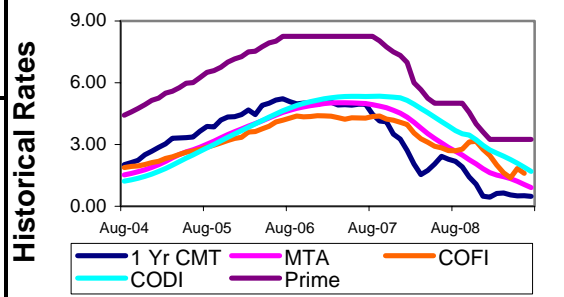
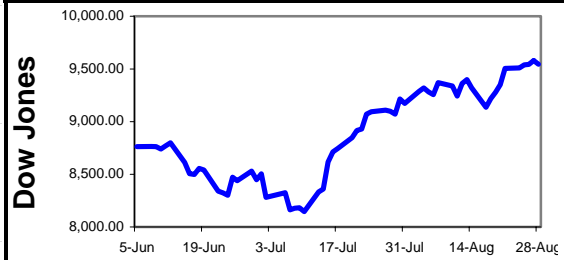
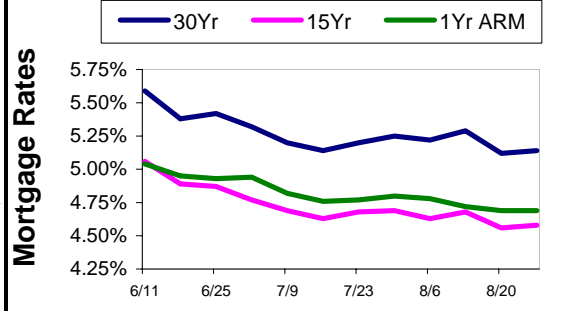
**Mortgage
Market
Commentary**

As the news continues to proclaim that we are breaking free of this painful recession, mortgage rates continue to stay in a very tight range, remaining at extremely low levels. There is little doubt that this is contributing to some positive news in the housing marketing. According to the S&P/Case-Shiller 20-city home price index, we've now gone two months with prices actually increasing. While there are many elements necessary to moving out of this recession, stabilization in the housing market will significantly contribute to overall economic recovery.

This week is a jam-packed week of important economic news. The ISM Manufacturing Index is expected to tic over the 50-mark, indicating that manufacturing is finally expanding. Employment data is also due on Friday, with expectations of minimal change to our present situation. Even if we have good economic news, we could see rates not climbing too severely as lenders are beginning to see lessening risks of foreclosures as the housing market shows signs of recovery.

This Week's Top Economic Reports and Events

<u>Report/Event</u>	<u>Date</u>	<u>Prior</u>	<u>Est.</u>	<u>Impact</u>
ISM Manufacturing Index	9/1	48.9	50.2	Significant
The step over 50 is economically and emotionally important. If we fall short of 50, we could see some mild downward pressure on rates.				
FOMC Minutes	9/2			Moderate
If the market sees signs in the minutes that the Fed has a fairly clear path to unwind itself from financial markets, rates may move downward.				
ISM Services Index	9/3	46.4	48.0	Moderate
An unexpected bounce above 50 would be a pleasant economic surprise, but it would generate some slight upward pressure on mortgage rates.				
Unemployment Rate	9/4	9.4%	9.5%	Significant
After last month's flat unemployment rate, a second month without movement could generate some upward pressure on all interest rates.				
Nonfarm Payrolls	9/4	-247K	-200K	Significant
Unfortunately, the economy is still bleeding jobs. If we get a jobs lost number closer to 300K, we could see mortgage rates push downward.				



Mortgage Rate Trends

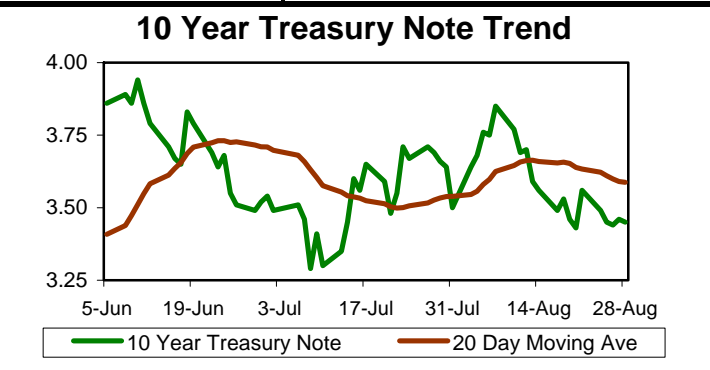
Short-Term →→

Long-Term →→

Volatility **High**

Interest Rates and Indexes

1 Yr T-Bill	0.440%	11th D. COFI	1.599%
10 Yr T-Note	3.480%	COSI	3.430%
6 Month Libor	0.755%	CODI	1.690%
Prime Rate	3.250%	MTA	0.901%



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