



# Weekly Mortgage Watch

*Market News That You Will Use Today!*

**Week of  
Feb. 21,  
2010**

**Mortgage  
Market  
Commentary**

Last week, the Federal Reserve took center stage by raising its discount rate; the rate at which banks can borrow money directly from the Federal Reserve. While this move has very little immediate impact, the increase was widely viewed as a symbolic first step in beginning to remove the emergency measures put into place during this deep recession. The Fed's meeting minutes also provided some more insight into future Fed moves. In addition to letting certain programs expire as planned, the Fed will create some new tools that will enable it to "mop up" excess cash in the market. These new tools, in conjunction with its primary method of adjusting the Fed Funds rate, will be targeted at keeping inflationary pressure under control.

This week, and coming weeks, could begin to see mortgage rates become more volatile as the market digests everything coming out of the Fed. We'll also get new and existing home sales data this week. With housing and employment as the weakest link, any positive news could push rates upward.

## This Week's Top Economic Reports and Events

<i>Report/Event</i>	<i>Date</i>	<i>Prior</i>	<i>Est.</i>	<i>Impact</i>
<b>Consumer Confidence</b>	2/23	55.9	56.0	<b>Significant</b>
Once consumers become confident again, and start spending, the recovery will start in earnest. Until then rates will remain subdued.				
<b>New Home Sales</b>	2/24	342K	355K	<b>Limited</b>
Builder's attitudes seem to be improving. If this is due to higher-than-expected sales, we'll see some upward pressure develop on rates.				
<b>Weekly Jobless Claims</b>	2/25	473K	460K	<b>Moderate</b>
With layoff announcements trending downward, an unexpected drop in claims could create up additional upward pressure on rates.				
<b>Gross Domestic Product (2nd)</b>	2/26	5.7%	5.7%	<b>Significant</b>
With all the optimism going around, a drop in GDP to less than 5.3% would disappoint, but rates might just push slightly down for the week.				
<b>Existing Home Sales</b>	2/26	5.45M	5.47M	<b>Limited</b>
If both new and existing home sales come in below expectations, we'll see some downward pressure on mortgage rates.				

## Freddie Mac's

### Primary Mortgage Market Survey

	<b>February 18</b>		<u>2/11/10</u>
30 Year Fixed	4.93%	▼	4.97%
15 Year Fixed	4.33%	▼	4.34%
One Year ARM	4.32%	▼	4.33%

For more information visit [www.FreddieMac.com](http://www.FreddieMac.com)

## Positive Signs on the Foreclosure Front

On Friday, the Mortgage Bankers Association announced that the delinquency rate for loans on one- to four-unit properties in the U.S. fell to 9.47% in the fourth quarter from 9.64% in the third quarter. Also, the percentage of homeowners entering the foreclosure process also fell. While there can be no doubt that the foreclosure crisis is far from over, many experts believe that if the economy continues to improve, this may mark the foreclosure bottom.

## Mortgage Rate Trends

Short-Term **→→**  
Long-Term **↗↗**  
Volatility **High**

## Interest Rates and Indexes

1 Yr T-Bill	0.350%	11th D. COFI	1.828%
10 Yr T-Note	3.690%	COSI	2.350%
6 Month Libor	0.395%	CODI	0.463%
Prime Rate	3.250%	MTA	0.471%

## Worth Remembering

Every problem has in it the seeds of its own solution. If you don't have any problems, you don't get any seeds.

Norman Vincent Peale

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## Thank You for Your Referrals

*We hope you find our weekly newsletter informative. If you have any questions about the newsletter or any mortgage related issue, please give us a call.*

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