



# Matthew Hibler's Monday Mortgage Update



**Week of  
Jan. 29,  
2012**

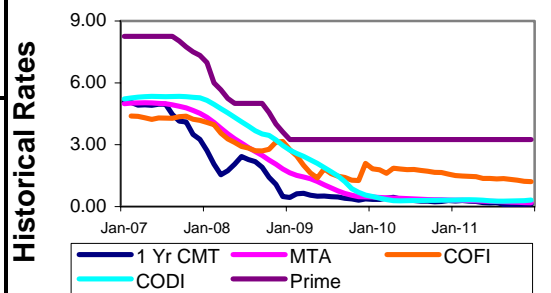
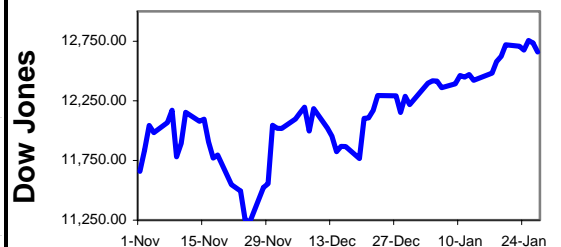
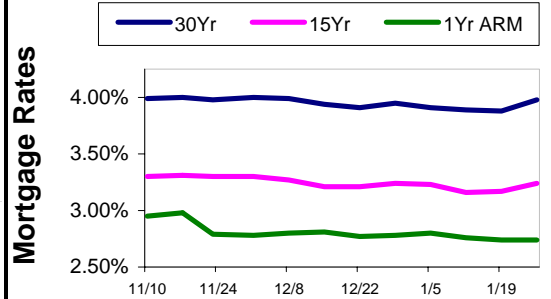
**Mortgage  
Market  
Commentary**

The Federal Reserve took center stage last week following through with its commitment to become more transparent. The Fed has revealed that it intends to keep rates "extraordinarily low" for a longer period than thought, potentially through 2014. Additionally, the Fed has now officially stated that it will use an inflation target to help control monetary policy. Following the Fed's announcement, Fed Chair Bernanke revealed that the Fed is considering a QE3, potentially later this year. Mortgage rates had been on the rise, until this statement, which many interpreted as the Fed showing signs that it has significant concerns about the overall state of the economic recovery.

This week is jam packed with economic news and data for markets to digest. We have both ISM Indices due, Consumer Confidence, and the monthly employment data. Should any of these reports reveal signs of economic slowing, mortgage rates are likely to move back toward record lows. However, a week of positive economic data could nudge rates just slightly higher at the week's end.

**This Week's Top Economic Reports and Events**

| <u>Report/Event</u>  | <u>Date</u> | <u>Prior</u> | <u>Est.</u> | <u>Impact</u>      |
|--|-------------|--------------|-------------|--------------------|
| <b>Consumer Confidence</b><br>Growing Consumer Confidence is juicing markets, and a larger-than-expected increase would generate some upward pressure on rates.          | 1/31        | 64.5         | 67.0        | <b>Significant</b> |
| <b>ISM Manufacturing Index</b><br>Manufacturing looked to be slowing recently, but seems to be powering up again. If we hit 55.5, rates may feel strong upward pressure. | 2/1         | 53.9         | 54.7        | <b>Significant</b> |
| <b>Unemployment Rate</b><br>The unemployment rate remains stubbornly high, and ticking back toward 9.0% could generate downward pressure on mortgage rates.              | 2/3         | 8.5%         | 8.5%        | <b>Significant</b> |
| <b>Nonfarm Payrolls</b><br>Jobs are the key to sustaining the recovery. If we don't see at least 175K, rates may actually feel a little downward pressure.               | 2/3         | 200K         | 170K        | <b>Significant</b> |
| <b>ISM Services Index</b><br>With both ISM Indices expected to move upward, a drop in both would certainly disappoint, but might help push rates back downward.          | 2/3         | 52.6         | 53.1        | <b>Moderate</b>    |



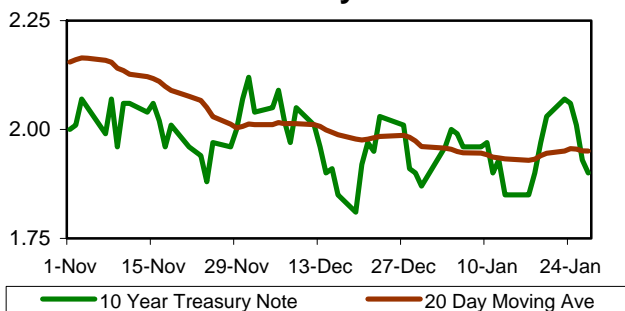
**Mortgage Rate Trends**

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

**Interest Rates and Indexes**

|               |        |              |        |
|---------------|--------|--------------|--------|
| 1 Yr T-Bill   | 0.110% | 11th D. COFI | 1.201% |
| 10 Yr T-Note  | 1.960% | COSI         | 2.090% |
| 6 Month Libor | 0.785% | CODI         | 0.304% |
| Prime Rate    | 3.250% | MTA          | 0.182% |

**10 Year Treasury Note Trend**



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