



Linda's Mortgage Update

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**Week of
October 21,
2007**

**Mortgage
Market
Commentary**

Last week ended with mortgage rates beginning to trend downward; a trend that is likely to continue this week. While stock markets had an uncomfortable week, bond markets fared well. Economic news continues to point to a slowing rate of economic growth. Industrial production ticked upward slightly last week, and the Leading Economic Indicators moved slightly higher. Inflationary pressures have continued to stay at the high end of most economists' comfort zone, but do not appear to be poised to move either way. More credit-related news and housing-related news fanned concerns that the recent challenges in those markets could dampen economic growth further. After the Fed's last aggressive move to limit any spillover, the probability of another Fed cut is beginning to grow.

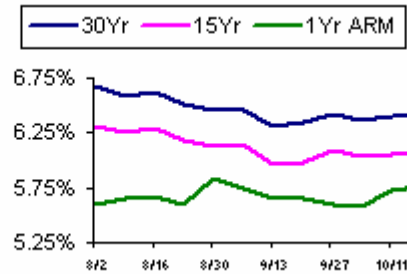
This is a fairly light week in terms of economic news. New and existing home sales data is due. If we get surprised with increasing sales, mortgage rates are likely to flatten. However, a larger-than-expected decline could increase the chances of a Fed cut, sending mortgage rates further downward.

Mortgage Rates

Freddie Mac's Primary Mortgage Market Survey

	October 18	10/11/07
30 Year Fixed	6.40% ↔	6.40%
15 Year Fixed	6.08% ▲	6.06%
One Year ARM	5.76% ▲	5.73%

For more information visit www.FreddieMac.com



Rates & Indexes

1 Yr T-Bill	4.240%
12 Mn Libor	4.815%
6 Mo Libor	5.006%
11 th D. COFI	4.359%
Prime	7.750%
Fed Fund	4.750%

Economic Snapshot

Gross Domestic Product

27-Sep ▲ %pt Chg
+3.8% 3.2
Healthy Growth

Consumer Confidence

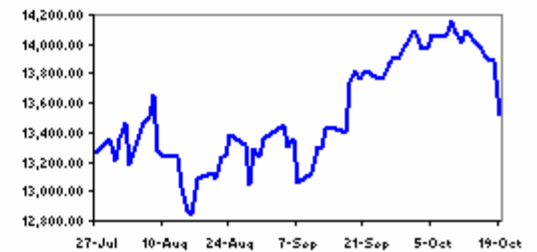
25-Sep ▼ pt Chg
99.8 5.8
Confidence Dropping

Housing Starts

17-Oct ▼ % Chg
1.19m 10.2%
Slowing Growth

Dow Jones 13,522.02 NASDAQ 2,725.16
NYSE 9,920.27 S&P 500 1,500.63

Dow Jones



Unemployment Rate

4-Oct ▲ %pt Chg
4.6% 0.1
Slowing Growth

US Retail Sales

12-Oct ▲ % Chg
380.2b 0.6%
Continuing Growth

Existing Home Sales

25-Sep ▼ % Chg
5.50m 4.3%
Slowing Growth

Leading Indicators (LEI)

18-Oct ▲ % Chg
137.9 0.3
Slowing Growth

Manufacturing Activity

1-Oct ▼ pt Chg
52.0 0.9
Manufacturing Slowing

New Home Sales

27-Sep ▼ % Chg
795K 8.3%
Slowing Growth

Worth Remembering



You can't do anything about the length of your life, but you can do something about its width and depth.

Henry Lewis Mencken

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