



Linda's Mortgage Update

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**Week of
Jan. 06
2008**

**Mortgage
Market
Commentary**

After months of appearing to be only marginally affected by housing and credit challenges, both manufacturing and the labor market began to show signs of stress in December. The ISM Manufacturing Index came in at 47.7. Readings below 50.0 indicate that manufacturing is very likely to be contracting. The Employment report was also disappointing with a surge in the unemployment rate from 4.7% to 5.0%, and only 18,000 new jobs were created in December. Mortgage rates fell across the board as the probability grew for a rate cut from the Fed at the end of the month. On a very positive note, existing home sales popped up to an annualized rate of 5 million units. We are also seeing positive signs that the Fed's efforts to encourage lending are working.

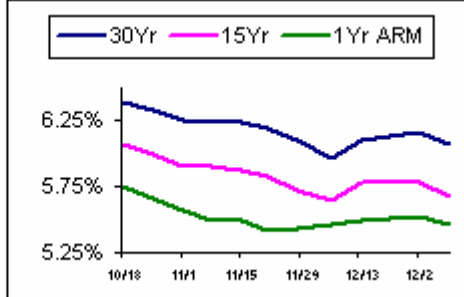
Mortgage rates are likely to trend downward during this week with very little economic data due. If we see signs in the next few weeks that inflation is moderating, the Fed may be able to aggressively cut rates, which would likely pull mortgage rates further downward and spur more home sales.

Mortgage Rates

**Freddie Mac's
Primary Mortgage Market Survey**

	January 3		12/27/07
30 Year Fixed	6.07%	▼	6.17%
15 Year Fixed	5.68%	▼	5.79%
One Year ARM	5.47%	▼	5.53%

For more information visit www.FreddieMac.com



Rates & Indexes

1 Yr T-Bill	3.340%
12 Mn Libor	4.053%
6 Mo Libor	4.468%
11 th D. COFI	4.172%
Prime	7.250%
Fed Fund	4.250%

Economic Snapshot

Gross Domestic Product

20-Dec ▲ %pt Chg
+4.9% 1.1
Healthy Growth

Consumer Confidence

27-Nov ▲ pt Chg
88.6 0.8
Confidence Leveling

Housing Starts

18-Dec ▼ % Chg
1.19m 3.7%
Slowing Growth

Dow Jones 12,800.18 **NASDAQ** 2,504.65
NYSE 9,432.03 **S&P 500** 1,411.63



Unemployment Rate

4-Jan ▲ %pt Chg
5.0% 0.3
Unemployment Rising

US Retail Sales

13-Dec ▲ % Chg
385.8b 1.2%
Continuing Growth

Existing Home Sales

31-Dec ▲ % Chg
5.00m 0.4%
Slowing Growth

Leading Indicators (LEI)

20-Dec ▼ % Chg
136.3 0.4
Slowing Growth

Manufacturing Activity

2-Jan ▼ pt Chg
47.7 3.1
Manufacturing Slowing

New Home Sales

29-Nov ▼ % Chg
647K 9.0%
Slowing Growth

Worth Remembering



If you don't make mistakes, you're not working on hard enough problems. And that's a big mistake.

Frank Wilczek

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