



Linda's Mortgage Update

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**Week of
Jan. 13
2008**

**Mortgage
Market
Commentary**

With very little economic data last week, mortgage rates continued to move downward after the previous week's lackluster employment report. The Federal Reserve's recent moves, in conjunction with several other countries' central banks' actions, are beginning to have a positive impact on interest rates. The Fed has already announced additional funding for its short-term auction facility, which allows banks to borrow from the Fed anonymously, enabling them to make more loans.

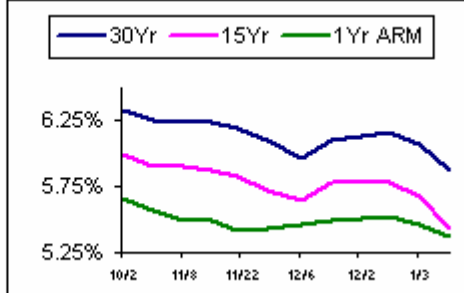
A flood of important economic data is due this week, including retail sales data, industrial production data, housing starts, and both the Producer and Consumer Price Indices. While all of these are very important, the CPI may be the big driver of mortgage rates this week and next. With clearer signs of economic slowing, the market has begun pricing in a ¼-point or better rate cut from the Fed. If inflationary pressures do not advance more than expected, the Fed will have an easy argument for a ½-point cut to stimulate economic activity, and rates should continue to drift downward.

Mortgage Rates

Freddie Mac's Primary Mortgage Market Survey

	January 10		1/3/08
30 Year Fixed	5.87%	▼	6.07%
15 Year Fixed	5.43%	▼	5.68%
One Year ARM	5.37%	▼	5.47%

For more information visit www.FreddieMac.com



Rates & Indexes

1 Yr T-Bill	3.180%
12 Mn Libor	3.715%
6 Mo Libor	4.081%
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 12,606.30 NASDAQ 2,439.94
NYSE 9,347.47 S&P 500 1,401.02



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



Many of our fears are tissue paper thin, and a single courageous step would carry us clear through them.

Brendan Francis

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