



# WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 12-4-05  
Annual subscription \$250 (1-800-844-4648)



## Mortgage Rates Mostly Unchanged Week in review 11/28/05 - 12/2/05

A torrent of economic releases sent U.S. Treasury securities on a bumpy ride, with traders buying one day only to sell-off the next. The bottom line – inflation appears to be under control. And this was key in keeping Treasury yields, which move in the opposite direction of prices, from climbing much higher. This allowed mortgage rates that are based on yields to remain near last week's levels.

News on the inflation front was largely positive, with personal consumption expenditures (PCE) in two reports showing slight declines and wages in the November Employment Report showing a modest increase. This encouraged Treasury traders to believe that the Fed might end its series of rate hikes sooner rather than later. Although third-quarter Gross Domestic Product soared to 4.3 percent, the inflation gauge edged down a notch to 1.2 percent. And PCE for personal spending/income in October slid in spite of gains in both income and outlays.

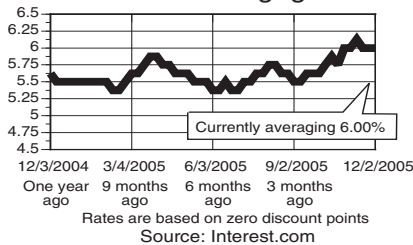
The employment report came in on target, with 215,000 jobs added to non-farm payrolls and unemployment holding at 5 percent. Housing sales in October were diverse, at best. Existing home sales fell 2.74 percent to an annual rate of 7.09 million units while new home sales

soared 13 percent to a record-breaking 1.42 million units annual rate. The consensus, however, is that the housing market is slowing at a measured pace. Consumer confidence shot up to 98.9 due to falling gas prices and an improved job market.

The Chicago Purchasing Managers Index for November business conditions sank Treasuries in spite of a slight decline. The villain? The 'prices paid' component that hit a 26-year high, evoking fears of coming inflation. But the Institute of Supply Management index of manufacturing conditions, released the following day, showed a tepid 'prices paid' component, allowing traders to exhale. Other key reports included Durable Goods Orders for October, which rose a scant 0.3 percent excluding transportation, and a sharp decline in first-time unemployment claims.

Mortgage applications for purchases and refinances were off for the week ended Nov. 25, according to the Mortgage Bankers Association. Purchases fell 0.8 percent, while refis dropped 6.3 percent. The rate on the 30-year fixed-rate mortgage (based on zero discount points) is holding above 6.0 percent, while the 15-year fixed-rate mortgage remained near 5.625 percent. The rate on the volatile one-year adjustable-rate mortgage slid to 3.875 percent.

30-Year Fixed Mortgage Rate



## KEY INTEREST RATES

U.S. Treasury Yields	11/23/05	12/2/05
2 year T-note	4.34%	4.42%
5 year T-note	4.36%	4.44%
10 year T-note	4.46%	4.51%
30 year T-Bond	4.69%	4.71%

Discount Rate (wk. end 11/25)	5.00%
Fed Funds Rate (wk. end 11/25)	3.98%
Prime rate (wk. end 11/25)	7.00%

### ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Oct.)	5.98%
12 mo. mvg. avg. (1-yr. TCM) (Oct.)	3.33%
3 mo. LIBOR (FNMA for Nov.)	4.41%
6 mo. LIBOR (FNMA for Nov.)	4.58%
National COFI (Sep.)	2.54%
11th District COFI (Oct.)	3.07%
6 month CD (wk. end 11/25)	4.54%
1 Year TCM (wk. end 11/25)	4.30%
2 Year TCM (wk. end 11/25)	4.35%
3 Year TCM (wk. end 11/25)	4.35%
5 Year TCM (wk. end 11/25)	4.36%
7 Year TCM (wk. end 11/25)	4.39%
10 Year TCM (wk. end 11/25)	4.45%
20 Year TCM (wk. end 11/25)	4.77%

### Required Yields for Delivery

	Freddie Mac (12/2/05)			
	10 day	30 day	60 day	90 day
30 year	6.09%	6.13%	6.17%	6.22%
15 year	5.61%	5.62%	5.65%	5.68%
	Fannie Mae (12/2/05)			
	10 day	30 day	60 day	90 day
30 year	6.21%	6.23%	6.26%	6.29%
15 year	5.72%	5.74%	5.76%	5.81%

## HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	Oct.	\$1.13 tril.	+0.7%
Housing Starts	Oct.	2.01 mil.	-5.6%
Building Permits	Oct.	2.07 mil.	-6.7%
Existing Home Sales	Oct.	7.09 mil.	-2.74%
New Home Sales	Oct.	1.42 mil.	+13.0%

### MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended Nov. 25, 2005	Change
Number of purchase applications	Down	-0.8%
Number of refinance applications	Down	-6.3%

## Mortgage Rates Should Remain Steady Week in preview 12/5/05 - 12/9/05

In the feast-or-famine world of economic news, this week is a famine, with little market-moving data due. This will leave the financial markets looking for guidance. Because the November Employment Report came in on target, it is possible that mortgage rates will remain fairly steady.

Of the releases due, those with the most potential to impact the markets include the ISM index of non-manufacturing conditions in November, i.e., the service sector, revised third-quarter Productivity and Costs, and the consumer sentiment survey from the University of Michigan. Factory Orders and Wholesale Inventories generally have little influence on the markets.

The week begins with Monday's release of the ISM index on the service sector, with interest focused on the 'prices paid' component. Also on tap is the weekly Treasury

auction of 3- and 6-month Treasury bills.

Productivity and Costs will be out Tuesday and the 'costs' portion will be under scrutiny as the markets look for signs of wage inflation. Factory Orders for October are also due, along with two weekly surveys on retail sales. These carry little weight, but might draw a little more attention due to the importance of the holiday shopping season.

On Wednesday the only report due is Consumer Credit for October -- a non-factor. First-time unemployment claims for the week ended Dec. 3 is the lone report on Thursday.

The week winds down with the results of the preliminary University of Michigan consumer sentiment survey for December. Also on tap is Wholesale Inventories and Sales for October, which is generally not a market-mover.

### EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Dec. 5	10:00 am	ISM releases index of November non-Mfg. Conditions	59
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
Dec. 6	8:00 am	ICSC-UBS report on chain store sales (Wk. end 12/3)	
	8:00 am	Redbook report on retail sales (Wk. end 12/3)	
	8:30 am	Productivity & Costs 3rd Qtr. (rev.)	+4.4% (prod.)
Dec. 7	10:00 am	Factory Orders (Oct.)	+1.2%
	3:00 pm	Consumer Credit	\$6.2 bil.
Dec. 8	8:30 am	Weekly Unemployment Claims (Wk. end 12/3)	315,000
Dec. 9	9:45 am	Univ. of Mich. Sentiment Survey (Dec. prelim.)	85
	10:00 am	Wholesale Inventories/Sales (Oct.)	+0.5%

Interest.com--all times Eastern Standard Time



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Formerly the Fax Weekly Report

Keeping you abreast of the ever-changing mortgage market

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## TRACKING THE ECONOMY -- OCTOBER 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
Nov. 21	10:00 am	Index of Leading Indicators	Oct.	Conference Board	+0.9%	-0.8% (rev.)
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Nov. 22	8:00 am	ICSC-UBS report on chain store sales	Wk. end Nov. 19		+1.0%	-0.6%
	8:00 am	Redbook report on retail sales	Wk. end Nov. 19		NA	NA
	2:00 pm	Federal Open Market Committee minutes of Nov. 1 meeting				
Nov. 23	8:30 am	Weekly Unemployment Claims	Wk. end Nov. 19	Dept. of Labor	335,000	305,000 (rev.)
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Nov.	Univ. of Michigan	81.6	79.9
Nov. 24		<b>The federal government and the financial markets will be closed in observance of Thanksgiving Day.</b>				
Nov. 25		<b>No economic indicators are scheduled for release</b>				
Nov. 28	10:00 am	Existing Home Sales	Oct.	Natl. Assn. of Realtors®	-2.74% @ 7.09 mil.	+2.0% @ 7.29 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Nov. 29	8:00 am	ICSC-UBS report on chain store sales	Wk. end Nov. 26		NA	+1.0%
	8:00 am	Redbook report on retail sales	Wk. end Nov. 26		NA	NA
	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Oct.	Commerce Dept.	+3.4%/ +0.3%	-2.0%/
	10:00 am	Consumer Confidence Report	Nov.	Conference Board	98.9	86.6
	10:00 am	New Home Sales	Oct.	Commerce Dept.	+13% @ 1.42 mil.	-9.9% @ 1.26 mil. (rev.)
Nov. 30	8:30 am	Gross Domestic Product (prelim.)	3rd Qtr.	Commerce Dept.	+4.3%	+3.3%
	8:30 am	GDP Chain Deflator (prelim.)	3rd Qtr.	Commerce Dept.	3.0%	+3.1%
	10:00 am	Chicago Purchasing Managers Institute releases index on November business conditions			61.7	62.9
	noon	Federal Open Market Committee releases Beige Book				
Dec. 1	8:30 am	Weekly Unemployment Claims	Wk. end Nov. 26	Dept. of Labor	320,000	337,000 (rev.)
	8:30 am	Personal Incomes and Outlays	Oct.		+0.4%/ +0.2%	+1.7%/ +0.5%
	10:00 am	New Construction	Oct.	Commerce Dept.	+0.7%	+0.5%
	10:00 am	ISM releases index of November Mfg. Conditions			58.1	59.1
Dec. 2	8:30 am	The Employment Report	Oct.	Dept. of Labor	+215,000 @ 5%	+44,000 @ 5.0% (rev.)
	8:30 am	Hourly wage earnings	Oct.	Dept. of Labor	+0.2% @ \$16.32	+0.5% @ \$16.27
Dec. 5	10:00 am	ISM releases index of November non-Mfg. Conditions				60
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
Dec. 6	8:00 am	ICSC-UBS report on chain store sales	Wk. end Dec. 3			
	8:00 am	Redbook report on retail sales	Wk. end Dec. 3			
	8:30 am	Productivity & Costs	3rd Qtr. (rev.)			+4.1%/ -0.5%
	10:00 am	Factory Orders	Oct.	Commerce Dept.		-1.7%
Dec. 7	3:00 pm	Consumer Credit		Federal Reserve		-\$59.4 mil.
Dec. 8	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 3	Dept. of Labor		320,000
Dec. 9	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Dec.	Univ. of Michigan		81.6
	10:00 am	Wholesale Inventories/Sales	Oct.	Commerce Dept.		+0.6%
Dec. 12	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
	2:00 pm	Treasury Statement (monthly budget)	Nov.	Treasury Dept.		-\$47.2 bil.
Dec. 13	8:00 am	ICSC-UBS report on chain store sales	Wk. end Dec.10			
	8:00 am	Redbook report on retail sales	Wk. end Dec.10			
	8:30 am	Advance Retail Sales/ ex-auto	Nov.	Commerce Dept.		-0.1%/ +0.9%
	8:30 am	Business Inventories/ Sales	Oct.	Commerce Dept.		+0.5%
	2:15 pm	The Federal Open Market Committee releases its decision on interest rates				+25 basis points
Dec.14	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Nov.	Commerce Dept.		-3%/+0.6%
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Oct.	Commerce Dept.		-\$66.1bil.
Dec.15	8:30 am	NY Empire State Index of Dec. Manufacturing Conditions				22.8
	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 10	Dept. of Labor		
	8:30 am	Consumer Price Index/core rate	Nov.	Dept. of Labor		+0.2%/ +0.2%
	9:15 am	Industrial Production & Capacity Utilization	Nov.	Federal Reserve		+0.9%/ 79.5
	noon	Philadelphia Fed Report on Dec. manufacturing conditions		Federal Reserve		11.5
Dec.16		<b>No economic indicators are scheduled for release</b>				
Dec.19	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
Dec. 20	8:00 am	ICSC/UBS report on chain store sales	Wk. end Dec. 17			
	8:00 am	Redbook report on retail sales	Wk. end Dec. 17			
	8:30 am	Producer Price Index/core rate	Nov.	Dept. of Labor		+0.7%/ -0.3%
	8:30 am	Housing Starts	Nov.	Commerce Dept.		-5.6% @ 2.01 mil.
	8:30 am	Building Permits	Nov.	Commerce Dept.		-6.7% @ 2.07 mil.
Dec. 21	8:30 am	Gross Domestic Product (final)	3rd Qtr.	Commerce Dept.		+4.3%
	8:30 am	GDP Chain Deflator (final)	3rd Qtr.	Commerce Dept.		+3.0%
Dec. 22	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 17	Dept. of Labor		
	8:30 am	Personal Incomes and Outlays	Nov.			
	10:00 am	Index of Leading Indicators	Nov.	Conference Board		+0.9%
Dec. 23	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Nov.	Commerce Dept.		+3.4%/ +0.3%
	10:00 am	New Home Sales	Nov.	Commerce Dept.		+13% @ 1.42 mil.
Dec. 26		<b>The federal government and bond markets will be closed in observance of Christmas Day</b>				
Dec. 27	10:00 am	Consumer Confidence Report	Dec.	Conference Board		98.9
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
Dec.28	8:00 am	ICSC/UBS report on chain store sales	Wk. end Dec. 24			
	8:00 am	Redbook report on retail sales	Wk. end Dec. 24			
Dec.29	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 24	Dept. of Labor		
	10:00 am	Existing Home Sales	Nov.	Natl. Assn. of Realtors®		-2.74% @ 7.09 mil.
Dec. 30	9:45 am	Univ. of Mich. Sentiment Survey (final)	Dec.	Univ. of Michigan		
	10:00 am	Chicago Purchasing Managers Institute release index on Dec. business conditions				61.7

Note: In some instances, these dates are merely approximations. Release times are Eastern Standard Time



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## INDUSTRY NEWS

### 2006 Loan Limits Up 15.95%

#### New Limits Will Save Borrowers Up to \$24,700 in Interest

McLEAN, VA, Nov. 29 -- Freddie Mac\* announced it will implement an increase in its single-family mortgage loan limit from \$359,650 to \$417,000 effective January 1, 2006. This increase in conforming loan limits is based on the October-to-October changes in the average house prices, as published by the Federal Housing Finance Board (FHFB), and on Supervisory Guidance issued by the Office of Federal Housing Enterprise Oversight. The FHFB figures come from its monthly survey of lenders. Both new and existing homes are included in the survey.

The increase in the single-family mortgage loan limit makes it possible for an estimated 500,000 additional families to obtain lower cost mortgage financing. Freddie Mac estimates that total mortgage interest savings for a borrower with a typical 30-year fixed-rate mortgage at the new conforming loan limit is as much as \$24,700 over the life of the loan.

Effective for deliveries after January 1, 2006, the new loan limits for mortgages on one-to-four family properties will be:

\$417,000 for mortgages on one-family properties (up from \$359,650);

\$533,850 for mortgages on two-family properties (up from \$460,400);

\$645,300 for mortgages on three-family properties (up from \$556,500); and

\$801,950 for mortgages on four-family properties (up from \$691,600).

Under Freddie Mac's charter, maximum original loan amounts are 50 percent higher for first mortgages on properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands. (Editor's Note: Put away your calculators -- that's \$625,500 in those pricey locales.)

#### CONVENTIONAL LOAN LIMITS

	2004	2005	2006
One-Family	\$333,700	\$359,650	\$417,000
Two-Family	\$427,150	\$460,400	\$533,850
Three-Family	\$516,300	\$556,500	\$645,300
Four-Family	\$641,650	\$691,600	\$801,950

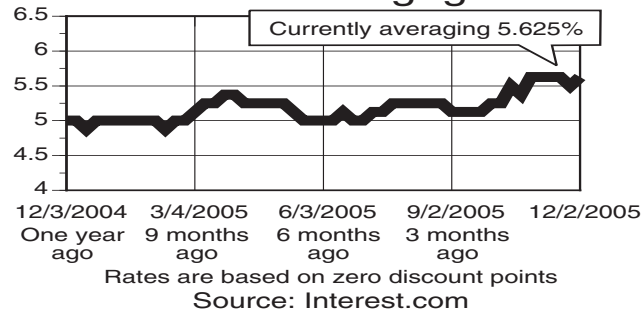
\*Fannie Mae, the other government-chartered, stockholder-owned GSE, announced similar guidelines for conventional mortgages on November 29, 2005.

Freddie Mac is a stockholder-owned company established by Congress in 1970 to support homeownership and rental housing. Freddie Mac fulfills its mission by purchasing residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage-related securities and debt instruments in the capital markets. Over the years, Freddie Mac has made home possible for one in six homebuyers and nearly four million renters in America. (For more information about Freddie Mac, visit <http://www.freddie.com>.)

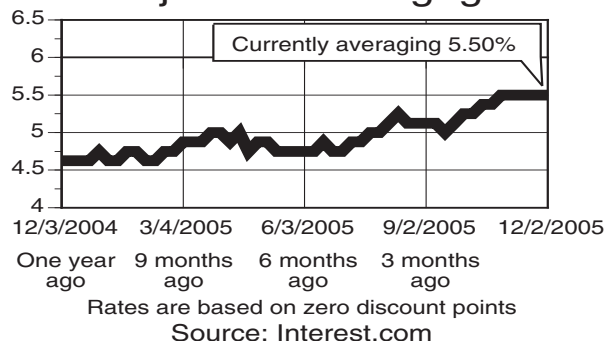
To list your mortgage rates on **Interest.com** call 877-721-1197

## MORTGAGE MARKET MONITOR

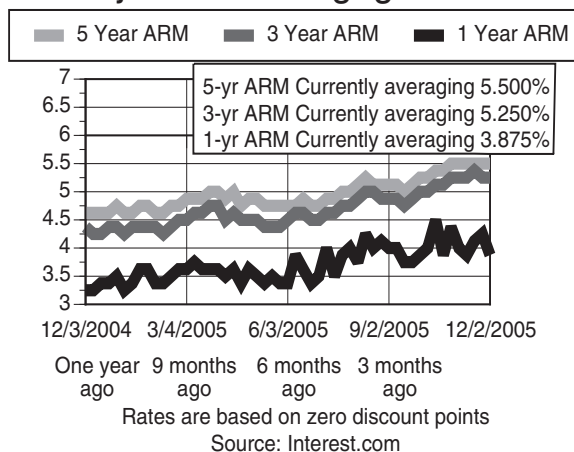
### 15-Year Fixed Mortgage Rate



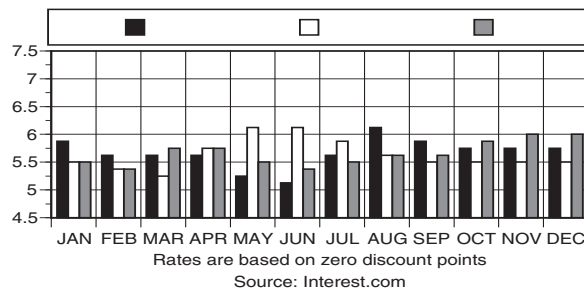
### 5-Year Adjustable Mortgage Rate



### Adjustable Mortgage Rates



### 30 YEAR FIXED MORTGAGE RATE



### 30-year fixed-rate mortgage

