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# WEEKLY MORTGAGE RATE REPORT

(Fax Weekly Report)

FOR THE WEEK OF 06-01-22  
Annual subscription \$250 (1-800-844-4648)



## Treasuries rally, mortgage rates fall

Week in review 1/16/06 - 1/20/06

Benign news on inflation and safe-haven buying due to a couple of down days on Wall Street led to strong rallies in U.S. Treasury securities. Hints of a strengthening job market and growth in the manufacturing sector, however, tamed buying and nudged yields, which move in the opposite direction of prices, back up. During the week, mortgages rates, which are based on Treasury yields, edged down on most products.

Two key inflation indicators, the producer and consumer price indexes for December, showed inflation at both the wholesale and retail levels remains contained. Producer prices increased sharply, rising 0.9 percent – twice what was forecast. But the core rate, which excludes volatile food and energy prices, rose only 0.1 percent, and this is the one the Fed watches. Consumer prices fell 0.1 percent, but the core rate came in on target – up 0.2 percent. This, however, pushed the core rate for 2005 to 2.2 percent, which is near the top of the Fed's comfort zone.

Industrial production in December rose 0.6 percent, beating estimates, while capacity utilization – the percentage of mines, utilities and factories in operation – hit 80.7, the highest reading in more than five years. The New York

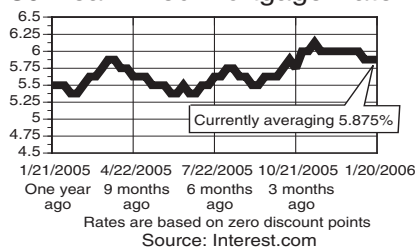
Empire State index of January manufacturing conditions slid to 20.1 from a revised 26.3, while the more influential Philadelphia Fed index dipped to 3.3 in January from 5.8 last month.

December housing starts plunged 8.9 percent to an annualized rate of 1.93 million units. While starts on multifamily construction rose, single-family starts slid, providing further signs of a cooling housing market. Building permits declined to a still-strong annual rate of 2.07 million.

First-time jobless claims set multi-year records for the week ended Jan. 14. Claims fell to 271,000 – the lowest level since April 2000, while the more-closely watched four-week average slid to 311,500, the lowest level since October 2000.

Applications to refinance remained strong, climbing 9.9 percent for the second straight week, according to the Mortgage Bankers Association. However, purchase applications for the week ended Jan. 13 fell 3 percent. The rate on the 30-year fixed-rate mortgage (based on zero discount points) is at 5.875 percent, while the 15-year fixed-rate mortgage slid to just above 5.375 percent. The rate on the volatile one-year adjustable-rate mortgage rose to 4.375 percent.

### 30-Year Fixed Mortgage Rate



## KEY INTEREST RATES

U.S. Treasury Yields	1/13/05	1/20/06
2 year T-note	4.33%	4.38%
5 year T-note	4.28%	4.32%
10 year T-note	4.35%	4.37%
30 year T-Bond	4.53%	4.54%

Discount Rate (wk. end 1/13)	5.25%
Fed Funds Rate (wk. end 1/13)	4.23%
Prime rate (wk. end 1/13)	7.25%

### ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Nov.)	6.22%
12 mo. mvg. avg. (1-yr. TCM) (Dec.)	3.61%
3 mo. LIBOR (FNMA for Dec.)	4.53%
6 mo. LIBOR (FNMA for Dec.)	4.69%
National COFI (Nov.)	2.82%
11th District COFI (Nov.)	3.19%
6 month CD (wk. end 1/13)	4.68%
1 Year TCM (wk. end 1/13)	4.41%
2 Year TCM (wk. end 1/13)	4.39%
3 Year TCM (wk. end 1/13)	4.34%
5 Year TCM (wk. end 1/13)	4.34%
7 Year TCM (wk. end 1/13)	4.36%
10 Year TCM (wk. end 1/13)	4.41%
20 Year TCM (wk. end 1/13)	4.65%

### Required yields for delivery

	Freddie Mac (1/20/06)			
	10 day	30 day	60 day	90 day
30 year	5.84%	5.87%	5.90%	5.94%
15 year	5.38%	5.40%	5.43%	5.46%
	Fannie Mae (1/20/06)			
	10 day	30 day	60 day	90 day
30 year	5.94%	5.96%	5.99%	6.03%
15 year	5.49%	5.50%	5.53%	5.55%

## HOUSING SNAPSHOT

	Month	Total	Change
Construction spending	Nov.	\$1.15 tril.	+0.2%
Housing starts	Dec.	1.93 mil.	-8.9%
Building permits	Dec.	2.07 mil.	-1.0%
Existing home sales	Nov.	6.97 mil.	-1.7%
New Home Sales	Nov.	1.25 mil.	-11.3%

### MORTGAGE APPLICATION INDEXES (MBA)

Wk. ended Jan. 13, 2006			
Number of purchase applications	Up	-3.0%	
Number of refinance applications	Up	+9.9%	

## If uncertainty persists, mortgage rates could edge up

Week in preview 1/23/06 - 1/27/06

Upcoming economic reports are few, but they could impact the markets. The advance look at fourth-quarter gross domestic product would likely be the most influential. New and existing home sales for December are also on tap along with durable goods orders. If these reports come in on target, it will leave bond traders to fret about future occurrences such as rate hikes, refunding and the new Fed chairman Ben Bernanke's testimony before Congress in February. Uncertainty could lead to selling, which would put upward pressure on Treasury yields and influence lenders to increase mortgage rates.

Monday leads off with the index of leading indicators for December, which looks at the economy three to six months down the road. This report generally has little impact on the markets.

On Tuesday the only reports due are

two nationwide surveys on retail sales for the week ended Jan. 21. These are of little consequence.

Existing-home sales for December is the sole release on Wednesday. This will be of interest in light of growing signs of weakness in the housing market.

Thursday will feature durable goods orders for December. This indicator, although plagued by volatility, is a leading indicator for the manufacturing sector and therefore can move the markets. First-time unemployment claims for the week ended Jan. 21 also will be released.

Fourth-quarter gross domestic product comes out Friday and this will be the first look at economic growth for the final three months of 2005. New home sales for December will also be released, but they carry less weight than existing-home sales.

### EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Jan. 23	10:00 am	Index of Leading Indicators (Dec.)	+0.2%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills	
Jan. 24	8:00 am	ICSC/UBS report on chain store sales (Wk. end 1/21)	
	8:00 am	Redbook report on retail sales (Wk. end 1/21)	
Jan. 25	10:00 am	Existing Home Sales	6.9 mil
Jan. 26	8:30 am	Weekly Unemployment Claims (Wk. end 1/21)	300,000
	8:30 am	Durable Goods Orders (adv.)/ ex. trans.(Dec.)	+1.5%
Jan. 27	8:30 am	Gross Domestic Product (4th Qtr. adv.)	+ 3%
	8:30 am	GDP Chain Deflator (4th Qtr. adv.)	+2.6%
	10:00 am	New Home Sales (Dec.)	1.25 mil.

Interest.com--all times Eastern Standard Time



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Keeping you abreast of the ever-changing mortgage market

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## TRACKING THE ECONOMY -- JANUARY 2006

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS	
Dec. 26		<b>The federal government and financial markets will be closed in observance of Christmas Day</b>					
Dec. 27	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		+2.8%	+2.4%	
	8:00 am	Redbook report on retail sales	Wk. end Dec. 24		0.0%	-0.3%	
	10:00 am	Consumer Confidence Report	Dec.	Conference Board	103.6	98.3 (rev.)	
Dec. 29	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 24	Dept. of Labor	322,000	319,000 (rev.)	
	10:00 am	Existing Home Sales	Nov.	Natl. Assn. of Realtors®	-1.7% @ 6.97 mil.	-2.74 % @ 7.09 mil.	
	10:00 am	Chicago Purchasing Managers Institute release index on Dec. business conditions			61.5	61.7	
Dec. 30		<b>No economic indicators are scheduled for release</b>					
Jan. 2		<b>The federal government and financial markets will be closed in observance of New Year's Day</b>					
Jan. 3	10:00 am	New Construction	Nov.	Commerce Dept.	+0.2%	+0.7 %	
	10:00 am	ISM releases index of Dec. Mfg. Conditions			54.2	58.1	
	2:00 pm	Minutes of FOMC Meeting on Dec. 13					
Jan. 4	8:00 am	ICSC-UBS report on chain store sales	Wk. end Dec. 31		-0.8%	+2.4%	
	8:00 am	Redbook report on retail sales	Wk. end Dec. 31 v. one month ago		-0.2%	0.0%	
	10:00 am	Factory Orders	Nov.	Commerce Dept.	+2.5%/-0.2%	+2.2%	
Jan. 5	8:30 am	Weekly Unemployment Claims	Wk. end Dec. 31	Dept. of Labor	291,000	326,000 (rev.)	
	10:00 am	ISM releases index of Dec. non-Mfg. Conditions			59.8	58.5	
Jan. 6	8:30 am	The Employment Report	Dec.	Dept. of Labor	+108,000 @ 4.9%	+305,000 @ 5 % (rev.)	
	8:30 am	Hourly wage earnings	Dec.	Dept. of Labor	+0.3% @ \$16.37	+0.2 % @ \$16.32	
Jan. 9	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill					
	3:00 pm	Consumer Credit		Federal Reserve	-\$0.60 bil.	-\$7.2 bil.	
Jan. 10	8:00 am	ICSC-UBS report on chain store sales	Wk. end Jan. 7		+0.1%	-0.8%	
	8:00 am	Redbook report on retail sales	Wk. end Jan. 7 v. one month ago		-0.5%	-0.2%	
	10:00 am	Wholesale Inventories/Sales	Dec.	Commerce Dept.	+0.4%/-0.7%	+0.2 %	
Jan. 11		<b>No economic indicators are scheduled for release</b>					
Jan. 12	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 7	Dept. of Labor	309,000	291,000	
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Dec.	Commerce Dept.	-0.2%/ +0.1%	-0.9 %/ -0.2 %	
	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Nov.	Commerce Dept.	\$64.2 bil.	-\$68.1 bil. (rev.)	
	2:00 pm	Treasury Statement (monthly budget)	Dec.	Treasury Dept.	+\$11.0 bil.	-\$83.1 bil.	
Jan. 13	8:30 am	Advance Retail Sales/ ex-auto	Dec.	Commerce Dept.	+0.7%/-0.2%	+0.3%/-0.3 %	
	8:30 am	Business Inventories/ Sales	Nov.	Commerce Dept.	+0.5%/-	-0.7%/-0.1%	
	8:30 am	Producer Price Index/core rate	Dec.	Dept. of Labor	+0.9%/-0.1%	+0.7 %/ -0.3 %	
Jan. 16		<b>The federal government and financial markets will be closed in observance of Martin Luther King, Jr., Day</b>					
Jan. 17	8:30 am	NY Empire State Index of Jan. Manufacturing Conditions			20.1	26.3 (rev.)	
	9:15 am	Industrial Production & Capacity Utilization	Dec.	Federal Reserve	+0.6%/- 80.7	+0.7 %/ 80.2%	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill					
Jan. 18	8:00 am	ICSC-UBS report on chain store sales	Wk. end Jan. 14		-1.4%	+0.1%	
	8:00 am	Redbook report on retail sales	Wk. end Jan. 14 v. one month ago		-0.6%	-0.7%	
	8:30 am	Consumer Price Index/core rate	Dec.	Dept. of Labor	-0.1%/-0.2%	-0.6 %/ +0.2 %	
	noon	Federal Open Market Committee releases Beige Book					
Jan. 19	8:30 am	Housing Starts	Dec.	Commerce Dept.	-8.9% @ 1.93 mil.	+4.95% @ 2.12 mil.	
	8:30 am	Building Permits	Dec.	Commerce Dept.	-1% @ 2.07 %	+2.9 % @ 2.16 mil.	
	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 14	Dept. of Labor	271,000	309,000	
	noon	Philadelphia Fed Report on Jan. manufacturing conditions		Federal Reserve	3.3	12.6	
Jan. 20	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Jan.	Univ. of Michigan	93.4	91.5	
Jan. 23	10:00 am	Index of Leading Indicators	Dec.	Conference Board		+0.5%	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills					
Jan. 24	8:00 am	ICSC/UBS report on chain store sales	Wk. end Jan. 21			-1.4%	
	8:00 am	Redbook report on retail sales	Wk. end Jan. 21 v. one month ago			-0.6%	
Jan. 25	10:00 am	Existing Home Sales	Dec.	Natl. Assn. of Realtors®		-1.7% @ 6.97 mil.	
Jan. 26	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 21	Dept. of Labor			
	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Dec.	Commerce Dept.		+4.4 %/-0.6%	
Jan. 27	8:30 am	Gross Domestic Product (adv.)	4th Qtr.	Commerce Dept.		+4.1 %	
	8:30 am	GDP Chain Deflator (adv.)	4th Qtr.	Commerce Dept.		+3.3 %	
	10:00 am	New Home Sales	Dec.	Commerce Dept.		-11.3% @ 1.25 mil.	
Jan. 30	8:30 am	Personal Incomes and Outlays	Dec.	Commerce Dept.		+0.3 %/ +0.3 %	
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills					
Jan. 31	8:00 am	ICSC/UBS report on chain store sales	Wk. end Jan. 28				
	8:00 am	Redbook report on retail sales	Wk. end Jan. 28				
	8:30 am	Employment Cost Index	4th Qtr.	Dept. of Labor		+0.8%	
	10:00 am	Chicago Purchasing Managers Institute release index on Jan. business conditions				61.5	
	10:00 am	Consumer Confidence Report	Jan.	Conference Board		103.6	
	2:15 pm	The Federal Open Market Committee releases its decision on interest rates				+25 basis points	
Feb. 1	10:00 am	ISM releases index of Jan. Mfg. Conditions				54.2	
	10:00 am	New Construction	Dec.	Commerce Dept.		+2.5%	
Feb. 2	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 28	Dept. of Labor			
	8:30 am	Productivity & Costs (prelim.)	4th Qtr.	Dept. of Labor		+4.7%/-1.0%	
Feb. 3	8:30 am	The Employment Report	Jan.	Dept. of Labor		+108,000 @ 4.9%	
	8:30 am	Hourly wage earnings	Jan.	Dept. of Labor		+0.3% @ \$16.37	
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Jan.	Univ. of Michigan		91.5	
	10:00 am	Factory Orders/Inv.	Nov.	Commerce Dept.		+2.5%/-0.2%	
	10:00 am	ISM releases index of Jan. non-Mfg. Conditions				59.8	

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



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## INDUSTRY NEWS

### LoanPerformance announces 2006 symposium series

**Focus on new innovations includes first-ever home equity risk model, new analysis tools for payoff, retention, collateral risk and due diligence**

SAN FRANCISCO, Jan. 12 /PRNewswire/ -- LoanPerformance, a subsidiary of First American Real Estate Solutions (RES®) and a leader in residential mortgage data and analytics, announced the dates and locations for its fifth annual complimentary symposium series on new innovations in best-practice mortgage risk management strategies and solutions.

Topics for the 2006 symposium series include:

Forecasting home equity risk -- Learn about the new LoanPerformance home equity risk model, the first home equity risk forecasting analytics modeling solution of its kind. This tool is designed to simulate multiple economic environments and provide near and long-term scenarios for losses, default and prepayments in home equity products. The model, currently in development for introduction during the second quarter of 2006, incorporates economic factors such as interest rates, housing price changes and employment with multiple loan characteristics, enabling practical application of the simulations to enhance reserve setting, pricing, credit risk, economic capital and more.

Leveraging new data and analytics for enhanced risk management -- With the combined data power of LoanPerformance and its parent company, First American Real Estate Solutions, the opportunities for more informed risk management analysis have expanded exponentially. First American RES maintains property detail on more than 97 percent of all U.S. properties and, together with LoanPerformance mortgage databases and analytical solutions, allows credit risk managers, portfolio managers, investors and issuers to identify and leverage new sources of property and mortgage data and analytics with immediate and valuable application in payoff and retention analysis, due diligence, data verification, collateral risk and other market indicators.

Innovative diagnostic and reporting solutions for servicers -- View a demonstration of TrueStandings Servicing, a new diagnostics and reporting solution offering instant Web access to the largest repository of mortgage performance information tracking the delinquency, prepayment and loan characteristics on more than 40 million active prime and subprime mortgage loans monthly with additional access to a historical database of more than 100 million loans. The short demonstration will showcase the various uses of the solution including targeting geographic risk, roll rate reports, zip code level reporting and more.

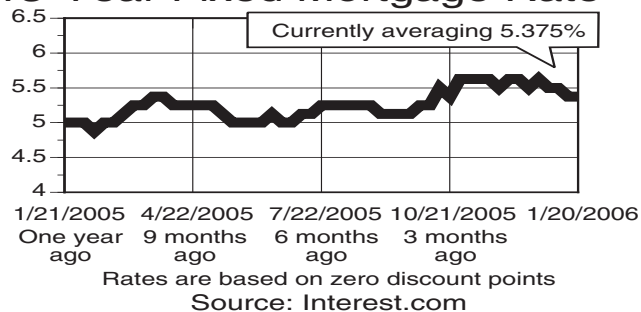
#### 2006 LoanPerformance Symposium Schedule

Date	City	Location (subject to change)
Jan. 25	Charlotte, N.C.	The Westin Charlotte
Jan. 26	Atlanta	The Westin Buckhead
Mar. 1	Thousand Oaks, Calif.	Hyatt Westlake Plaza
Mar. 2	Costa Mesa, Calif.	The Westin South Coast Plaza
Mar. 14	Cleveland	The Ritz-Carlton Cleveland
Mar. 15	Minneapolis	Graves 601 Hotel
Mar. 16	Chicago	The Westin Chicago River North
Apr. 19	Washington, D.C.	The Fairmont Washington D.C.
Apr. 20	New York	The Westin Times Square
May 17	Philadelphia	The Rittenhouse
May 18	Boston	The Fairmont Copley Plaza

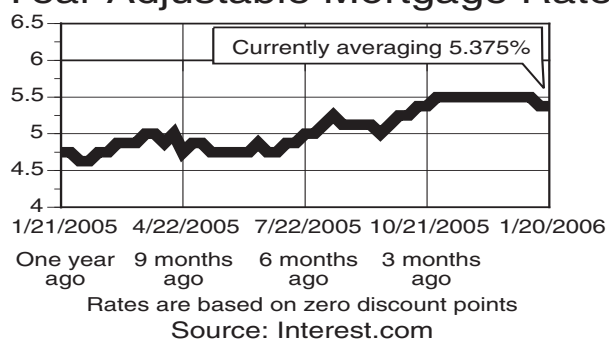
All symposiums will be held from 9 a.m. to 12:15 p.m. and will be preceded by registration and a complimentary breakfast buffet beginning at 8 a.m. A complete agenda and location details are available at <http://www.loanperformance.com/symposiums>. Attendees can register online by selecting the appropriate link for the city of their choice. Questions regarding the 2006 LoanPerformance Symposium Series can be emailed to [symposiums@loanperformance.com](mailto:symposiums@loanperformance.com) or answered by phone at (415) 536-3508.

## MORTGAGE MARKET MONITOR

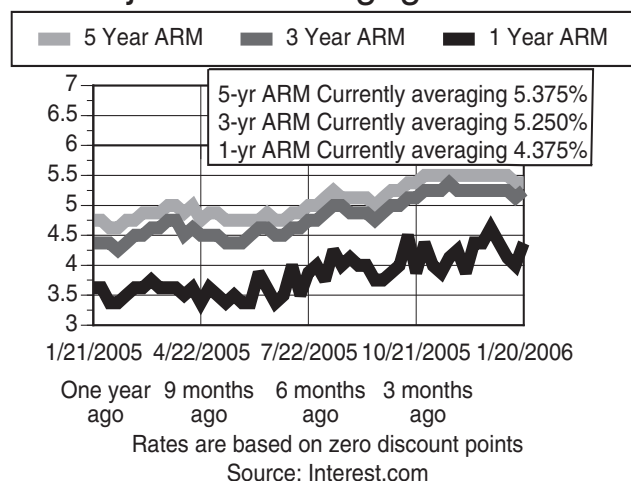
### 15-Year Fixed Mortgage Rate



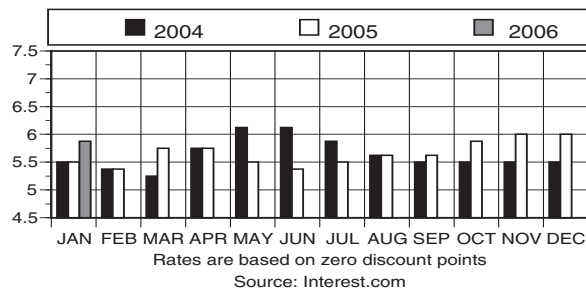
### 5-Year Adjustable Mortgage Rate



### Adjustable Mortgage Rates



### 30 YEAR FIXED MORTGAGE RATE



### 30-year fixed-rate mortgage

