



Mortgage Monitor

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Weekly

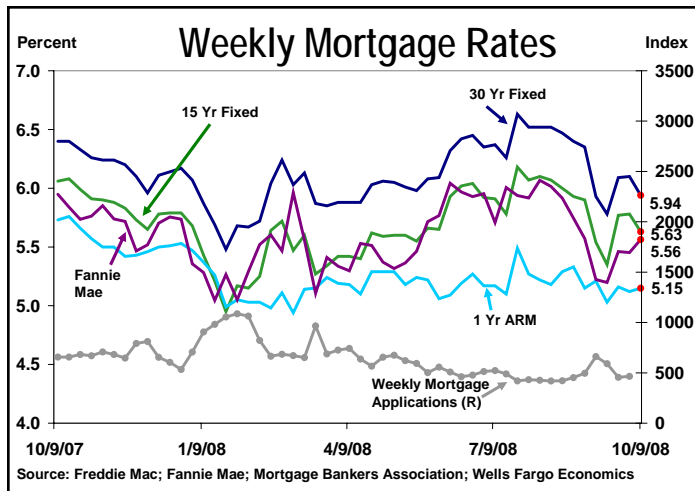
For the Period: October 2, 2008 - October 8, 2008

Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon	Mortgage Applications (Y/Y%)
This week	5.15	5.63	5.94	5.56	Total -28.6%
Last week	5.12	5.78	6.10	5.45	Purchase -25.2%
Year ago	5.73	6.06	6.40	5.95	Refinance -32.8%

30-Year Rate Falls to 5.94%

Recap: The average 30-year fixed rate fell to 5.94% from 6.10%, the 15-year fixed rate fell to 5.63% from 5.78%, and the 1-year ARM rose to 5.15% from 5.12%.

Week in review: In the most recent survey period, long-term mortgage rates fell as ugly economic reports and the spread of the financial crisis across the globe increased speculation of rate cuts. On October 2, 10-year Treasury yields fell as initial jobless claims hit a 7-year high of 497K, August factory orders plunged 4.0%, stocks plunged amid uncertainty surrounding House passage of the bailout bill and the ECB hinted that inflation concerns were diminishing. The House's passage of the bailout bill on October 3 was offset by a drop in the September ISM non-manufacturing index to 50.2 and a steep loss of 159K jobs in September, and yields fell slightly. News that several European banks required bailouts, along with further tightening in the credit markets, led to a flight to quality and a plunge in Treasury yields on October 6. The Fed's doubling of loans to commercial banks to \$900 billion and decision to begin paying interest on bank reserves were not



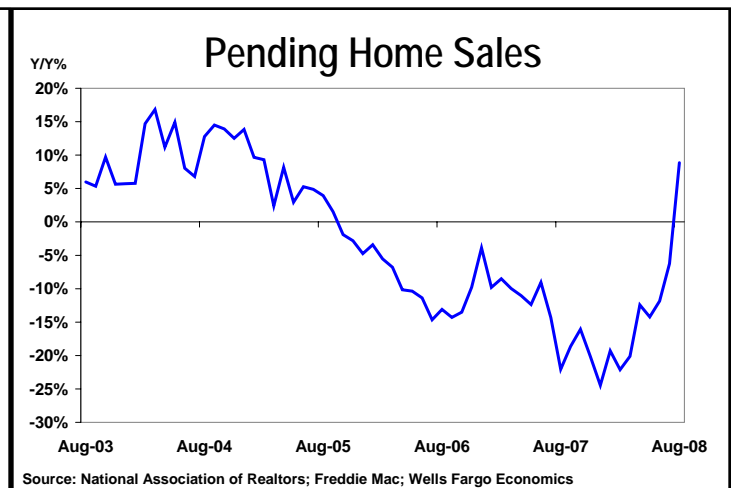
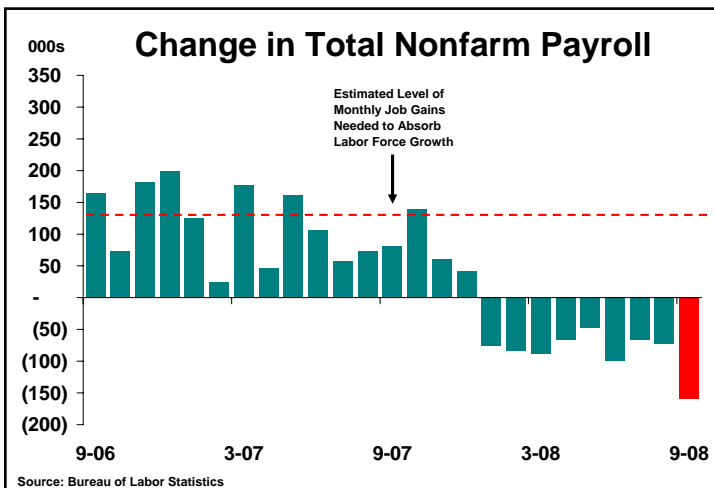
enough to soothe the markets. Despite a record \$7.9 billion drop in August consumer credit outstanding and Fed Chairman Ben Bernanke's dour economic outlook and hints of rate cuts, yields rose slightly on October 7 as the Fed announced it will begin purchasing commercial paper to improve liquidity in the financial markets. Despite a global coordinated interest rate cut and the IMF's gloomy

economic outlook, Treasury yields soared on October 8 as the government sold \$66 billion of debt, August pending home sales unexpectedly rose 7.4% and the Bank of England threw an \$87 billion lifeline to its banking system.

Fed Funds Rate: The Fed Funds rate currently stands at 1.50%. The next meeting is October 29, at which time we expect the Fed to cut by 50 basis points to help alleviate pressure in the credit markets and foster growth as the economy has deteriorated markedly. The Fed could act before the scheduled meeting if conditions warrant.

After the survey: Yields rose on October 9 as initial jobless claims dipped, while the government sold even more Treasuries and announced the possibility of buying stakes in U.S. banks. Inflation, retail sales, industrial production and housing starts are on tap next week.

-Ed Kashmarek, Economist
Wells Fargo & Company



Financial Data	History					Month-to-Date			Forecast (monthly)							
	2008.04	2008.05	2008.06	2008.07	2008.08	2008.09	2008.10	Current	2008.11	2008.12	2009.01	2009.02	2009.03	2009.04	2009.05	2009.06
Federal Funds Rate	2.22	1.73	1.82	1.87	1.76	1.26	0.83	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Treasury-10 Year Notes (yield)	3.68	3.88	4.10	4.01	3.89	3.69	3.68	3.88	3.85	3.85	3.90	3.90	3.90	3.96	4.01	4.01
Prime Rate	5.24	5.00	5.00	5.00	5.00	5.00	4.81	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mortgage-15 Year (yield)	5.45	5.59	5.86	5.96	6.05	5.67	5.74	5.63	5.60	5.60	5.65	5.65	5.65	5.71	5.76	5.76
Mortgage-Adjustable (yield)	5.19	5.25	5.15	5.24	5.25	5.16	5.13	5.15	5.12	5.12	5.17	5.17	5.17	5.23	5.28	5.28
Mortgage-30 Year (yield)	5.91	6.03	6.27	6.41	6.50	6.08	6.06	5.94	5.91	5.91	5.96	5.96	5.96	6.02	6.07	6.07

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