



# Mortgage Monitor

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Weekly

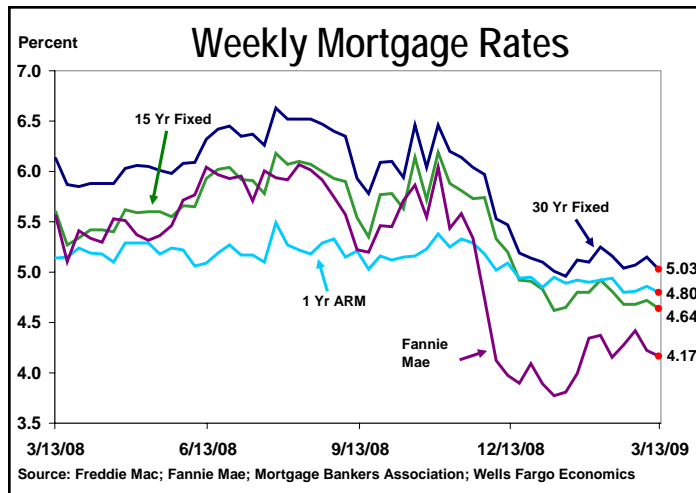
For the Period: March 5, 2009 - March 11, 2009

Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon	Mortgage Applications (Y/Y%)
This week	4.80	4.64	5.03	4.17	Total 7.7%
Last week	4.86	4.72	5.15	4.22	Purchase -31.3%
Year ago	5.14	5.60	6.13	5.56	Refinance 41.8%

## 30-Year Rate Falls to 5.03%

**Recap:** The average 30-year fixed rate fell to 5.03% from 5.15%, the 15-year fixed rate fell to 4.64% from 4.72%, and the 1-year ARM fell to 4.80% from 4.86%.

**Week in review:** In the most recent survey period, mortgage rates fell in a volatile week of financial market news, weak economic data and continued Treasury supply concerns. Despite an upwardly revised 5.7% jump in Q4 unit labor costs and a drop in initial jobless claims to 639K, 10-year Treasury yields plunged on March 5 as January factory orders fell 1.9%, Q4 mortgage delinquency and foreclosure rates rose to record highs, stocks plunged ahead of the employment report and speculation that the Fed may purchase Treasuries mounted after the Bank of England announced it would start buying gilts. Yields held steady on March 6 as a 651K job loss and a jump in the unemployment rate to 8.1% in February were offset by worries about further upcoming auctions and comments from Fed President William Dudley that buying Treasuries is not the best step. Despite the World Bank's forecast for the first global economic contraction since 1945, yields



rose on March 9 as traders focused on upcoming auctions. Despite a 2.9% plunge in January wholesale sales, yields jumped on March 10 as the 3-year note auction drew weak demand and a higher-than-expected yield, while stocks soared as Citigroup said they have been profitable in the first two months of the year and Fed Chairman Ben Bernanke called for "more forceful and coordinated actions to restore

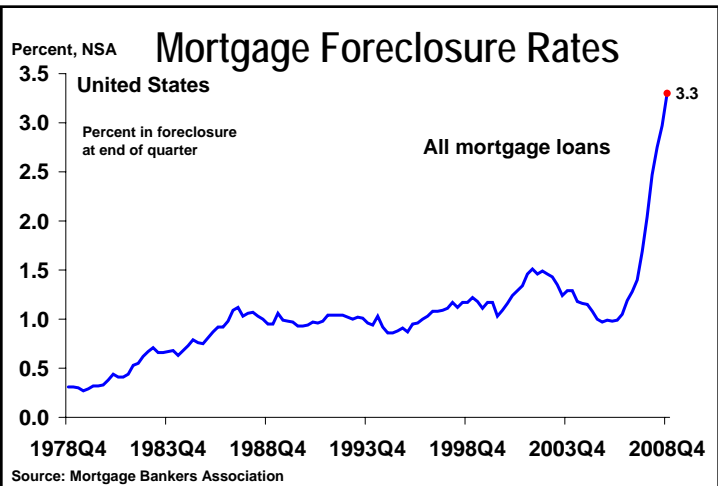
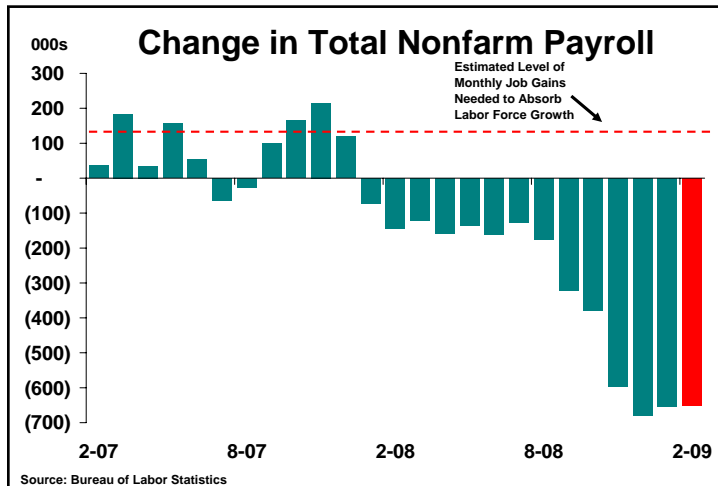
financial market functioning and the flow of credit." A weak 10-year note auction drew the highest yield in four months on March 11, but as 10-year yields rose above 3% buyers moved in, pushing yields down for the day.

**Fed Funds Rate:** The Fed Funds target range is now 0-0.25%. The next meeting is March 18. The Fed said they expect rates to remain very low for some time.

**After the survey:** Despite a smaller-than-expected drop in February retail sales, yields fell on March 12 as continuing jobless claims jumped and the 30-year bond auction drew strong demand. Yields

remained volatile on March 13 as China expressed concern about the safety of U.S. debt. Next week brings reports on manufacturing, inflation, housing starts, the current account deficit, leading economic indicators and the FOMC meeting.

-Ed Kashmarek, Economist  
Wells Fargo & Company



Financial Data	History					Month-to-Date			Forecast (monthly)							
	2008.09	2008.10	2008.11	2008.12	2009.01	2009.02	2009.03	3/13/2009	2009.04	2009.05	2009.06	2009.07	2009.08	2009.09	2009.10	2009.11
Federal Funds Rate	1.26	0.63	0.42	0.13	0.17	0.23	0.25	0.19	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Treasury-10 Year Notes (yield)	3.69	3.82	3.51	2.41	2.50	2.87	2.91	2.85	2.85	2.85	2.85	2.88	2.93	2.93	2.93	2.93
Prime Rate	5.00	4.54	4.00	3.61	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Mortgage-15 Year (yield)	5.67	5.85	5.86	5.17	4.73	4.79	4.69	4.64	4.63	4.63	4.66	4.71	4.71	4.71	4.71	4.71
Mortgage-Adjustable (yield)	5.16	5.18	5.29	5.02	4.90	4.88	4.83	4.80	4.78	4.78	4.78	4.81	4.86	4.86	4.86	4.86
Mortgage-30 Year (yield)	6.08	6.16	6.16	5.42	5.05	5.13	5.10	5.03	5.03	5.03	5.03	5.06	5.11	5.11	5.11	5.11

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