



Mortgage Monitor

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Weekly



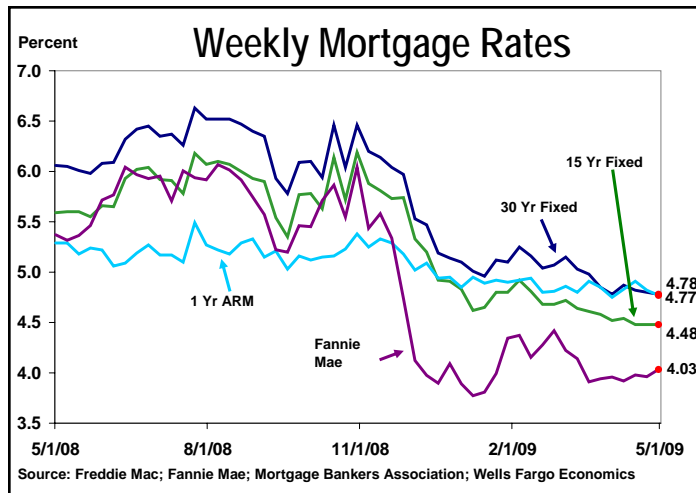
For the Period: April 23, 2009 - April 29, 2009

Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon	Mortgage Applications (Y/Y%)
This week	4.77	4.48	4.78	4.03	Total 69.4%
Last week	4.82	4.48	4.80	3.96	Purchase -26.0%
Year ago	5.29	5.59	6.06	5.37	Refinance 168.1%

30-Year Rate Falls to 4.78%

Recap: The average 30-year fixed rate fell to 4.78% from 4.80%, the 15-year fixed rate held at 4.48%, and the 1-year ARM fell to 4.77% from 4.82%.

Week in review: In the most recent survey period, mortgage rates fell slightly as spreads between MBS and Treasuries plunged as investors became less risk-averse amid signs the economy may be stabilizing. Ten-year Treasury yields seesawed throughout the survey period, but ended higher. Downward pressure on yields came from a 27K rise in initial jobless claims and a 3.0% drop in March existing home sales. Upward pressure on yields came from a smaller-than-expected 0.8% drop in March durable goods orders, a smaller-than-expected 0.6% drop in March new home sales, a decline in new home inventories to 10.7 months, a slower rate of decline in the February Case-Shiller home price index and a jump in the April consumer confidence index to 39.2. Debt supply concerns also helped to push Treasury yields higher. The Treasury auctioned \$101 billion in notes this past week, and will auction another \$71 billion next week. The massive supply of debt and



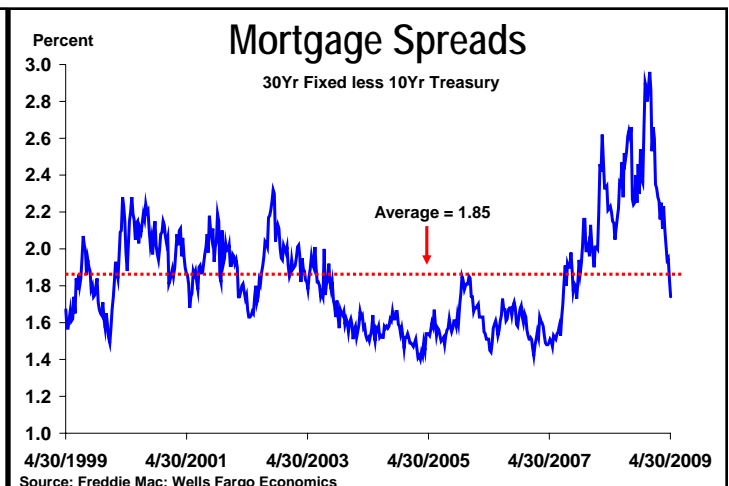
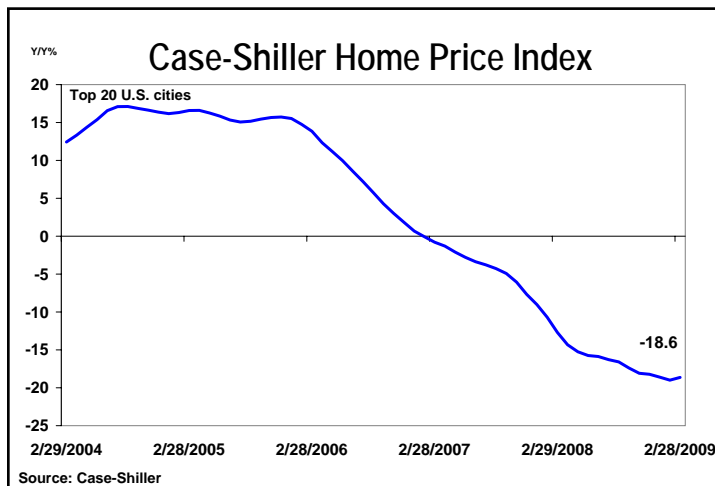
the improved outlook on the economy led to a higher-than-expected yield in the 5-year note auction. The Fed's decision not to increase its purchases of Treasuries lent even more support to higher yields.

Although Treasury yields rose from the prior week, mortgage rates actually fell as the improving economy and financial markets, along with the Fed's continued purchases of MBS, led to a further narrowing in the risk premium required by investors on MBS. The spread between 30-year mortgage rates and 10-year yields has fallen from 296 bp on December 26, 2008 to 174 bp, the lowest since October 19, 2007, and below the 10-year average of 185 bp.

Fed Funds Rate: The Fed Funds target range is now 0-0.25%. The next meeting is June 24. The Fed said they expect rates to remain very low for some time.

After the survey: Yields rose further on April 30 as initial jobless claims fell, Chicago manufacturing improved and the Fed bought fewer Treasuries than hoped. Yields rose again on May 1 following improvements in consumer sentiment and ISM manufacturing. The upcoming week brings readings on services and employment.

-Ed Kashmarek, Economist
Wells Fargo & Company



Financial Data	History					Month-to-Date		Current	Forecast (monthly)									
	2008.10	2008.11	2008.12	2009.01	2009.02	2009.03	2009.04	5/1/2009	2009.05	2009.06	2009.07	2009.08	2009.09	2009.10	2009.11	2009.12		
Federal Funds Rate	0.63	0.42	0.13	0.17	0.23	0.22	0.15	0.25	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20		
Treasury-10 Year Notes (yield)	3.82	3.51	2.41	2.50	2.87	2.82	2.93	3.19	3.03	2.93	2.98	3.03	3.08	3.13	3.18	3.23		
Prime Rate	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	3.25		
Mortgage-15 Year (yield)	5.85	5.86	5.17	4.73	4.79	4.65	4.51	4.48	4.46	4.36	4.41	4.46	4.51	4.56	4.61	4.66		
Mortgage-Adjustable (yield)	5.18	5.29	5.02	4.90	4.88	4.85	4.83	4.77	4.77	4.67	4.72	4.77	4.82	4.87	4.92	4.97		
Mortgage-30 Year (yield)	6.16	6.16	5.42	5.05	5.13	5.02	4.82	4.78	4.77	4.67	4.72	4.77	4.82	4.87	4.92	4.97		

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