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WEEKLY MORTGAGE RATE REPORT

(Fax Weekly Report)

FOR THE WEEK OF 06-02-19
Annual subscription \$250 (1-800-844-4648)



Mortgage rates hold at higher levels

Week in review 2/13/06 - 2/17/06

Mortgage rates and yields on U.S. Treasury securities edged higher this week due to concerns about interest-rate hikes, inflation and some over-the-top economic news. Apprehension regarding the monetary policies of newly appointed Fed chief Ben Bernanke also kept buyers away, but his testimony before Congress indicated that he would continue on the path set by Alan Greenspan. This took pressure off bonds but sellers outweighed buyers, sending prices down and yields, which move in the opposite direction, up. This forced mortgage lenders, who base their rates on yields, to raise them on many products.

The producer price index gave Treasuries a boost in spite of the fact that the index edged up to 0.3 per cent, and the core rose to 0.4 percent. Traders felt this was not a threat on the inflation front. A weak consumer sentiment report from the University of Michigan also boosted Treasuries.

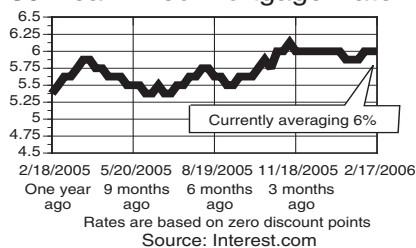
Retail sales in January leapt to their highest level since May 2004, rising 2.4 percent. Strong demand for autos and gasoline led the surge, but when autos were excluded, sales climbed by an impressive 2.2 percent. These numbers worried bond traders who fear economic growth will need to be reined in with rate hikes.

Housing starts and building permits for January also grabbed the attention of traders, with starts blowing past estimates. They shot up 15.5 percent – the highest monthly increase since March 1973. Starts came in at an annualized rate of 2.28 million units, while building permits climbed to 2.22 million – a 6.8 percent increase.

First-time unemployment claims, for the week ended Feb. 11, shot up to 297,000 – an increase of 19,000 over the previous week. The four-week average, which smoothes volatility, rose to 283,000. Industrial production in January slipped 0.2 percent, but the Philadelphia Fed index on February manufacturing conditions jumped to 154, while prices paid dropped sharply. A similar index from New York state showed a slight decline.

Higher rates may have stifled mortgage applications for the week ended Feb. 10. Applications to purchase plunged 7.9 percent, while refis were down 6.5 percent, according to the Mortgage Bankers Association. The rate on the 30-year fixed-rate mortgage (based on zero discount points) is now above 6 percent, while the 15-year fixed-rate mortgage edged up to 5.625 percent. The rate on the five-year, adjustable-rate mortgage climbed to just below 5.625 percent.

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	2/10/06	2/17/06
2 year T-note	4.65%	4.66%
5 year T-note	4.54%	4.54%
10 year T-note	4.53%	4.53%
30 year T-Bond	4.50%	4.51%
Discount Rate (wk. end 2/10)		5.50%
Fed Funds Rate		4.51%
Prime rate (wk. end 2/10)		7.50%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (Dec.)	6.29%
12 mo. mvg. avg. (1-yr. TCM) (Jan.)	3.75%
3 mo. LIBOR (FNMA for Jan.)	4.68%
6 mo. LIBOR (FNMA for Jan.)	4.81%
National COFI (Dec.)	2.86%
11th District COFI (Dec.)	3.30%
6 month CD (wk. end 2/10)	4.86%
1 Year TCM (wk. end 2/10)	4.67%
2 Year TCM (wk. end 2/10)	4.64%
3 Year TCM (wk. end 2/10)	4.61%
5 Year TCM (wk. end 2/10)	4.54%
7 Year TCM (wk. end 2/10)	4.55%
10 Year TCM (wk. end 2/10)	4.56%
20 Year TCM (wk. end 2/10)	4.73%
30 Year TCM (wk. end 2/10)	4.53%

Required yields for delivery

	Freddie Mac (2/17/06)			
	10 day	30 day	60 day	90 day
30 year	6.00%	6.01%	6.05%	6.07%
15 year	5.62%	5.63%	5.66%	5.66%
	Fannie Mae (2/17/06)			
	10 day	30 day	60 day	90 day
30 year	6.15%	6.17%	6.20%	6.23%
15 year	5.75%	5.77%	5.79%	5.82%

HOUSING SNAPSHOT

	Month	Total	Change
Construction spending	Dec.	\$1.16 bil.	+1.0%
Housing starts	Jan.	2.28 mil.	+14.5%
Building permits	Jan.	2.22 mil.	+6.8%
Existing home sales	Dec.	6.9 mil.	-5.7%
New Home Sales	Dec.	1.27 mil.	+2.9%

MORTGAGE APPLICATION INDEXES (MBA)

	Wk. ended Feb. 10, 2006	Change
Number of purchase applications	Down	-7.9%
Number of refinance applications	Down	-6.5%

Mortgage rates likely to remain unchanged

Week in preview 2/20/06 - 2/24/06

A holiday-shortened week features little in the way of economic news, but there are a couple of market movers on tap. The January consumer price index, which monitors inflation at the retail level, will be key for the financial markets. Durable goods orders for January could also ruffle investors as they provide an important look at manufacturing. The index of leading indicators and weekly unemployment claims are also scheduled. If results come in on target, mortgage rates should hold fairly steady.

The financial markets and the U.S. government will be closed on Monday due to the observance of Presidents Day.

The Monday weekly auction of 3- and 6-month Treasury bills will be conducted on Tuesday. And the index of leading indicators

– usually out on Monday – will be released on Tuesday. This report, although it looks at the nation's economic conditions three to six months down the road, generally does not move the markets. The minutes for the Jan. 31 meeting of the FOMC will be released and can impact the markets if new information is provided.

Wednesday's consumer price index is the most important indicator of the week and if it shows signs of inflation, selling in the markets will surely follow. Two weekly surveys on retail sales also are due.

Thursday features first-time jobless claims, which could affect Treasuries.

Durable goods orders for January is due Friday and offers a rounded look at the manufacturing sector. Demand for these long-lasting, big-ticket items impacts production.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
Feb. 20		The federal government and financial markets will be closed on Presidents Day	
Feb. 21	10:00 am	Index of Leading Indicators (Jan.)	+0.6%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
	2:00 pm	Release of the minutes of the Jan. 31 FOMC meeting	
Feb. 22	8:00 am	ICSC-UBS report on chain store sales (Wk. end 2/18)	
	8:00 am	Redbook report on retail sales (Wk. end 2/18)	
	8:30 am	Consumer Price Index/core rate (Jan.)	+0.5%/ +0.2%
Feb. 23	8:30 am	Weekly Unemployment Claims (Wk. end 2/18)	285,000
Feb. 24	8:30 am	Durable Goods Orders (Jan. adv.)	-4.0%

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 -- FEBRUARY 2006

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
Jan. 23	10:00 am	Index of Leading Indicators	Dec.	Conference Board	+0.1%	+0.9% (rev.)
	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		+0.3%	-1.4%
	8:00 am	Redbook report on retail sales	Wk. end Jan. 21 v. one month ago		-0.4%	-0.6%
Jan. 25	10:00 am	Existing Home Sales	Dec.	Natl. Assn. of Realtors®	-5.7% @ 6.6 mil.	-1.7% @ 6.97 mil.
Jan. 26	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 21	Dept. of Labor	283,000	272,000 (rev.)
	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Dec.	Commerce Dept.	+1.3%/ +0.9%	+5.4 %/-0.6% (rev.)
Jan. 27	8:30 am	Gross Domestic Product (adv.)	4th Qtr.	Commerce Dept.	+1.1%	+4.1 %
	8:30 am	GDP Chain Deflator (adv.)	4th Qtr.	Commerce Dept.	+3.0%	+3.3 %
	10:00 am	New Home Sales	Dec.	Commerce Dept.	+2.9% @ 1.27 mil.	-11.3% @ 1.25 mil.
Jan. 30	8:30 am	Personal Incomes and Outlays	Dec.	Commerce Dept.	+0.4%/ +0.9%	+0.4 %/ +0.5 % (rev.)
	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		-1.1%	+0.3%
	8:00 am	Redbook report on retail sales	Wk. end Jan. 28 vs. last month		-0.2%	-0.4%
	8:30 am	Employment Cost Index	4th Qtr.	Dept. of Labor	+0.8%	+0.8%
	10:00 am	Chicago Purchasing Managers Institute release index on Jan. business conditions			58.5	61.5
	10:00 am	Consumer Confidence Report	Jan.	Conference Board	106.3	103.6
	2:15 pm	The Federal Open Market Committee releases its decision on interest rates			+25 basis points	+25 basis points
Feb. 1	10:00 am	ISM releases index of Jan. Mfg. Conditions			54.8	55.6
	10:00 am	New Construction	Dec.	Commerce Dept.	+1%	+0.2%
Feb. 2	8:30 am	Weekly Unemployment Claims	Wk. end Jan. 28	Dept. of Labor	273,000	284,000 (rev.)
	8:30 am	Productivity & Costs (prelim.)	4th Qtr.	Dept. of Labor	-0.6%/ +3.5%	+4.7%/ -1.0%
Feb. 3	8:30 am	The Employment Report	Jan.	Dept. of Labor	+193,000 @ 4.7%	+140,000 @ 4.9% (r)
	8:30 am	Hourly wage earnings	Jan.	Dept. of Labor	+0.4% @ \$16.41	+0.3% @ \$16.37
	9:45 am	Univ. of Mich. Sentiment Survey (final)	Jan.	Univ. of Michigan	91.2	93.4
	10:00 am	Factory Orders/Inv.	Dec.	Commerce Dept.	+1.1%	+3.3%/ +0.2% (rev.)
	10:00 am	ISM releases index of Jan. non-Mfg. Conditions			56.8	61
Feb. 6	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Feb. 7	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 4		+2%	-1.1%
	8:00 am	Redbook report on retail sales	Wk. end Feb. 4 v. one month ago		+0.4%	-0.2%
	3:00 pm	Consumer Credit		Federal Reserve	+\$3.3 bil.	-\$0.60 bil.
Feb. 8		There are no economic indicators scheduled for release today.				
Feb. 9	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 4	Dept. of Labor	277,000	273,000
	10:00 am	Wholesale Inventories/Sales	Jan.	Commerce Dept.	+1%/ +1%	+0.4%/ -0.7%
Feb. 10	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	Dec.	Commerce Dept.	\$65.7 bil.	\$64.7 bil. (rev.)
	2:00 pm	Treasury Statement (monthly budget)	Jan.	Treasury Dept.	+\$21 bil.	+\$8.6 bil.
Feb. 13	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
Feb. 14	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 11		-2%	+2%
	8:00 am	Redbook report on retail sales	Wk. end Feb. 11 v. one month ago		+0.3%	+0.4%
	8:30 am	Advance Retail Sales/ ex-auto	Jan.	Commerce Dept.	+2.3%/ +2.2%	+0.7%/ +0.2%
	8:30 am	Business Inventories/ Sales	Dec.	Commerce Dept.	+0.7%/ +1.2%	+0.5%/
Feb. 15	8:30 am	NY Empire State Index of Feb. Manufacturing Conditions			20.3	20.1
	9:15 am	Industrial Production & Capacity Utilization	Jan.	Federal Reserve	-0.2%/ 80.9	+0.9%/ 81.2 (rev.)
Feb. 16	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 11	Dept. of Labor	297,000	277,000
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	Jan.	Commerce Dept.	+1.3%/ +0.7%	-0.2%/ +0.1%
	8:30 am	Housing Starts	Jan.	Commerce Dept.	+14.5% @ 2.28 mil.	-8.9% @ 1.93 mil.
	8:30 am	Building Permits	Jan.	Commerce Dept.	+6.8% @ 2.22 mil.	-1% @ 2.07 mil.
	noon	Philadelphia Fed Report on Feb. manufacturing conditions		Federal Reserve	15.4	3.3
Feb. 17	8:30 am	Producer Price Index/core rate	Jan.	Dept. of Labor	+0.3%/ +0.4%	+0.6%/ +0.1% (rev.)
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	Feb.	Univ. of Michigan	87.4	91.2
Feb. 20		The federal government and financial markets will be closed in observance of Presidents Day				
Feb. 21	10:00 am	Index of Leading Indicators	Jan.	Conference Board	_____	+0.1%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bill			
	2:00 pm	Release of the minutes of the Jan. 31 FOMC meeting				
Feb. 22	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 18		_____	-2%
	8:00 am	Redbook report on retail sales	Wk. end Feb. 18 v. one month ago		_____	+0.3%
	8:30 am	Consumer Price Index/core rate	Jan..	Dept. of Labor	_____	-0.1%/ +0.2%
Feb. 23	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 18	Dept. of Labor	_____	297,000
Feb. 24	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	Jan.	Commerce Dept.	_____	+1.3%/ +0.9%
Feb. 27	10:00 am	New Home Sales	Jan.	Commerce Dept.	_____	+2.9% @ 1.27 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month	T-bills			
Feb. 28	8:00 am	ICSC/UBS report on chain store sales	Wk. end Feb. 25		_____	_____
	8:00 am	Redbook report on retail sales	Wk. end Feb. 25 v. one month ago		_____	_____
	8:30 am	Gross Domestic Product (prelim.)	4th Qtr.	Commerce Dept.	_____	+1.1%
	8:30 am	GDP Chain Deflator (prelim.)	4th Qtr.	Commerce Dept.	_____	+3.0%
	10:00 am	Existing Home Sales	Jan.	Natl. Assn. of Realtors®	_____	-5.7% @ 6.6 mil.
	10:00 am	Consumer Confidence Report	Feb.	Conference Board	_____	106.3
	10:00 am	Chicago Purchasing Managers Institute release index on Feb. business conditions			_____	58.5
Mar. 1	8:30 am	Personal Incomes and Outlays	Jan.	Commerce Dept.	_____	+0.4%/ +0.9%
	10:00 am	ISM releases index of Feb. Mfg. Conditions			_____	54.8
	10:00 am	New Construction	Jan.	Commerce Dept.	_____	+1%
Mar. 2	8:30 am	Weekly Unemployment Claims	Wk. end Feb. 25	Dept. of Labor	_____	87.4
Mar. 3	9:45 am	Univ. of Mich. Sentiment Survey (final)	Feb.	Univ. of Michigan	_____	_____

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



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INDUSTRY NEWS

New Study Investigates Mortgage Payment Reset

Mathematical Scenario Examines Equity, Reset Sensitivity and Default

SANTA ANA, Calif., Feb. 14 /PRNewswire-FirstCall/ -- First American Real Estate Solutions (RES®), the nation's largest provider of advanced property and ownership information, analytics and services, released a new study that investigates the impact of mortgage payment reset by providing insight into who will be most affected when adjustable-rate loans convert from low, teaser interest rates to higher prevailing mortgage market rates.

Entitled "Mortgage Payment Reset: The Rumor and the Reality," by Christopher Cagan, Ph.D., director of research and analytics at First American Real Estate Solutions, the study utilizes the extensive database and analytical resources of First American RES and its subsidiary LoanPerformance to classify market segments as relatively safe or vulnerable under the pressure of mortgage payment resets. The most vulnerable will be those who do not have substantial equity in their homes, but hold adjustable rate mortgages (ARMs) with low initial rates, often with interest-only and negative-amortization features.

The study concludes, however, that while individual families and firms that are involved with the riskiest loans may suffer, on a national basis the impact of mortgage payment reset and subsequent default will not significantly impact the economy, as it will result in approximately \$110 billion in losses, or less than 1 percent of total U.S. mortgage lending annually.

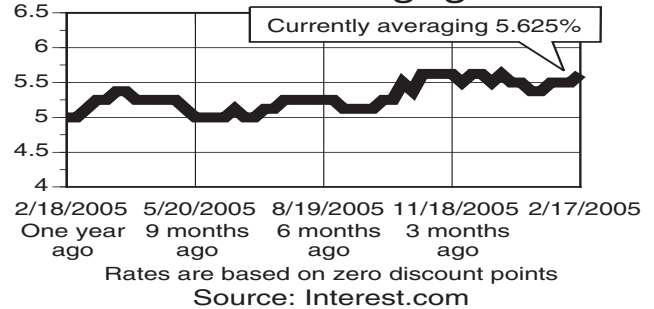
"Mortgage payment reset is likely to be the most important issue facing mortgage servicers and investors in the non-prime market during the next few years," said George Livermore, president of The First American Corporation's Property Information and Services Group. "This analysis provides helpful guidance for mortgage professionals by explaining key dynamics associated with mortgage payment reset and provides a method for evaluating risk."

The states with the lowest percentage of high-risk properties, where borrowers have more equity and are therefore less likely to experience the impact of reset, include New York, Hawaii, Massachusetts, Connecticut and New Jersey. The states with the highest percentage of risky properties, where fewer borrowers have significant equity and face greater likelihood of experiencing reset sensitivity include Tennessee, Colorado, Minnesota, Alabama and Arkansas.

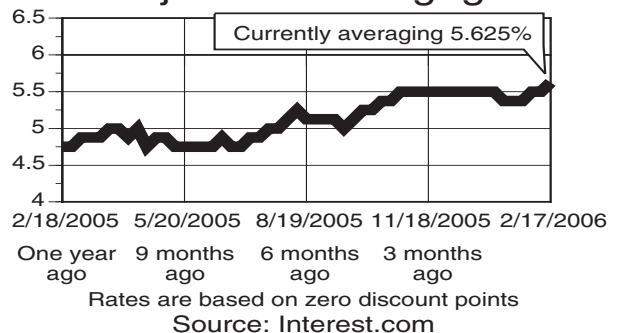
Access to an electronic copy of the study is available at <http://www.firstamres.com>. For more information, or to arrange an interview with Dr. Cagan, please call (714) 250-6759.

MORTGAGE MARKET MONITOR

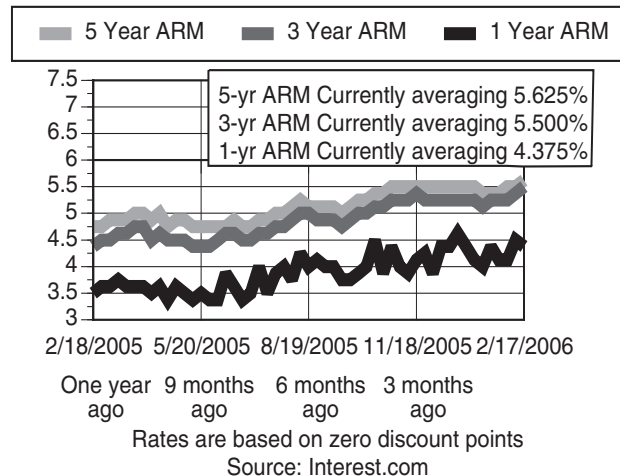
15-Year Fixed Mortgage Rate



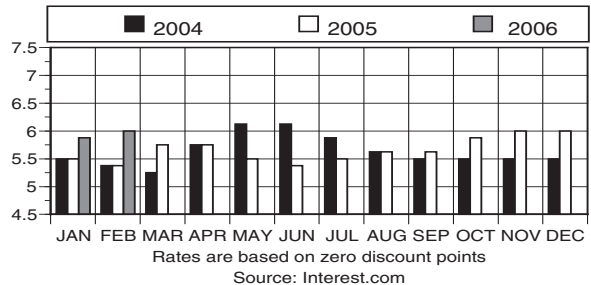
5-Year Adjustable Mortgage Rate



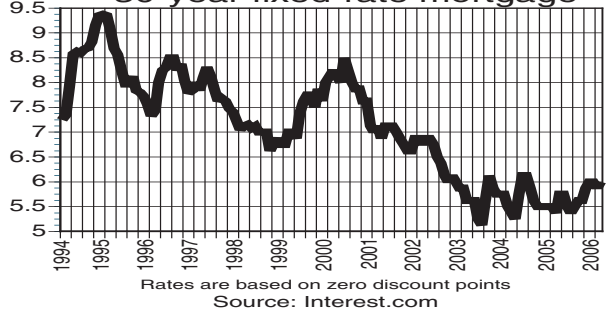
Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage



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