



# Weekly Mortgage Update

**Week of  
July 9,  
2006**

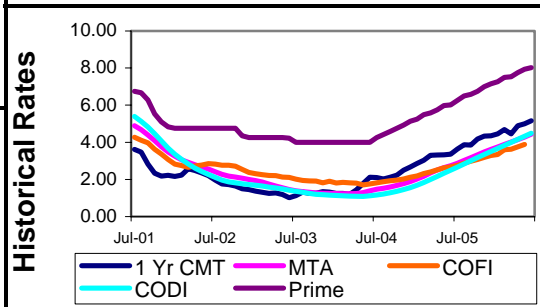
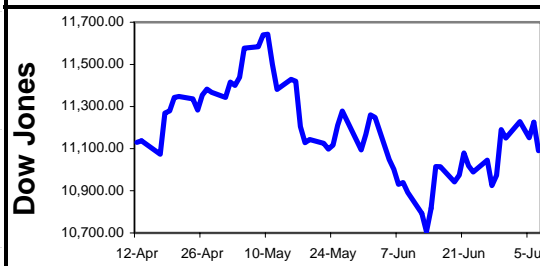
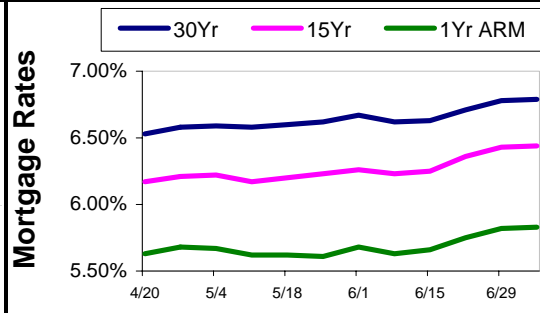
**Mortgage  
Market  
Commentary**

Mortgage rates had a little jolt last week due to Japan's Central Bank announcing its first interest rate increase in six years, and because of a corporate report that made some analysts fear that June's employment data would contain a big jump in new jobs. However, the week ended with some mixed news for the mortgage market from the Labor Department. While fewer than expected new jobs were created in June, which tends to push rates down, wages climbed up 0.5%. This may mean employers might increase prices to cover wage pressure, which can increase inflationary pressure.

With the exception of Friday, this could be a relatively calm week for mortgage rates. The single biggest report of the week will be the U.S. Census Bureau's release of June's retail sales data. A small increase of about 0.4% is expected. If summer spending pushes that number above 1.0%, we'll start next week with mortgage rates on the rise. However, if spending remains near expectations or below, mortgage rates are likely to remain mostly flat, and perhaps even drift down a bit.

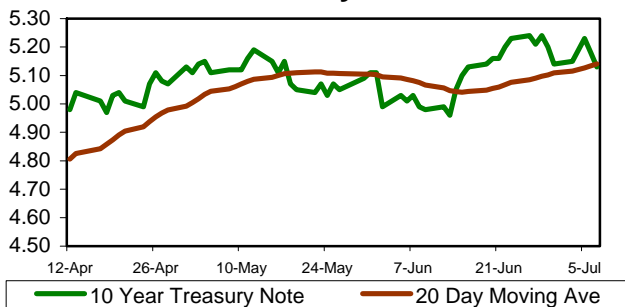
**This Week's Top Economic Reports and Events**

<u>Report/Event</u>	<u>Date</u>	<u>Prior</u>	<u>Est.</u>	<u>Impact</u>
<b>Consumer Credit</b> A big drop in consumption of credit is expected. A big drop can put a little pressure on lenders to lower rates to attract more customers.	7/10	\$10.6B	\$3.2B	<b>Limited</b>
<b>Trade Balance</b> We could see a little downward pressure on rates if we get another lower-than-expected deficit number.	7/12	-63.4B	-65.0B	<b>Limited</b>
<b>Import Prices</b> Rising import prices add to inflationary pressure. If import prices drop rather than increase, we'll have a little downward pressure on rates.	7/14	0.6%	0.3%	<b>Moderate</b>
<b>Retail Sales</b> A small increase is expected in sales, but if consumers held back at the beginning of summer, we could see a strong flattening trend for rates.	7/14	0.1%	0.4%	<b>Significant</b>
<b>U. of Mich. Consumer Sentiment</b> High gas prices continue to be a threat to consumer attitudes. If we get another lower-than-expected reading, rates could stay flat.	7/14	84.9	85.3	<b>Moderate</b>



<b>Mortgage Rate Trends</b>	<b>Interest Rates and Indexes</b>			
Short-Term <b>→→</b>	1 Yr T-Bill	5.270%	11th D. COFI	3.884%
Long-Term <b>→→</b>	10 Yr T-Note	5.220%	COSI	3.790%
Volatility <b>Low</b>	6 Month Libor	5.630%	CODI	4.483%
	Prime Rate	8.250%	MTA	4.432%

**10 Year Treasury Note Trend**



**Fidelity Lending Northwest**

Ph: 503-259-8655 • Fax: 503-259-8608  
 Toll Free: 866-400-FLNW  
 Email: [mortgages@flnw.net](mailto:mortgages@flnw.net)  
 Web: [www.SuperLowRates.info](http://www.SuperLowRates.info)



4580 SW 185th Ave., Aloha, OR 97007

