



Fidelity Lending Northwest's

Weekly Mortgage Update

**Week of
Feb. 11,
2007**

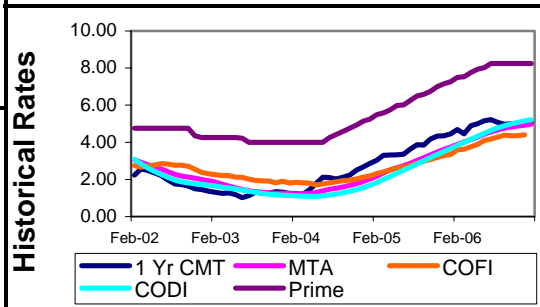
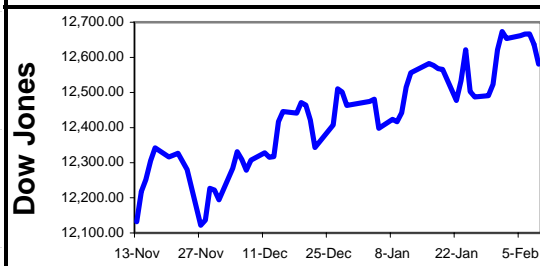
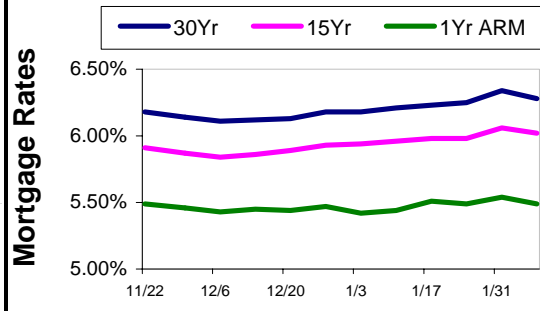
**Mortgage
Market
Commentary**

Mortgage rates slid down last week partially in response to data that revealed worker productivity growing more than expected. The surprise increase reduces some of the risk of wage-driven inflation. Technical factors also contributed to the dip in rates, however, most of the underlying risk of an increase in interest rates remains entrenched in the economy.

This week begins the flow of economic data for 2007, and we'll gain insight into whether the surprising 3.5% increase in GDP during the final quarter of 2006 continued in to this year. January Retail Sales are expected to increase 0.3% after a strong increase of 0.9% in December. If after-Christmas and New Years sales made registers ring more than expected, rates are likely to head back upward. Industrial Production numbers will give us some clues into whether manufacturing is picking up. If not, rates could stay low. We'll also get the first big glimpse into 2007 inflationary pressures with the Producer Price Index. A flat reading could help keep rates from climbing upward.

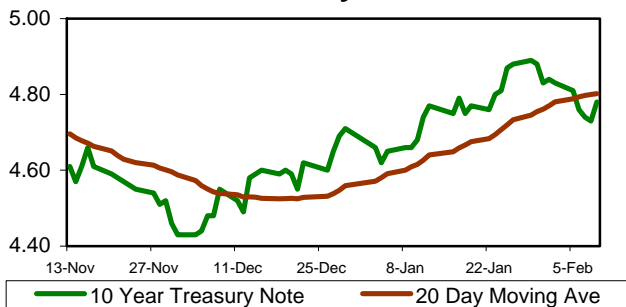
This Week's Top Economic Reports and Events

<u>Report/Event</u>	<u>Date</u>	<u>Prior</u>	<u>Est.</u>	<u>Impact</u>
Retail Sales If consumers closed their pocketbooks after the holiday and spent less than expected, we could see some downward pressure on rates develop.	2/14	0.9%	0.3%	Significant
Industrial Production With manufacturing struggling, a higher-than-expected reading might signal hopes of a manufacturing rebound, and rates might head upward.	2/15	0.4%	0.0%	Significant
Housing Starts With the housing debate raging, a jump in Housing Starts would be unexpected, and rates could experience some slight upward pressure.	2/16	1.64M	1.61M	Limited
Producer Price Index (Core) Inflationary pressures at the producer level have been receding. A reading of 0.1% or less could create some downward pressure on rates.	2/16	0.2%	0.2%	Significant
U. of Mich. Consumer Sentiment With Consumer Confidence jumping up last month, a spike in Consumer Sentiment could create some additional upward pressure on rates.	2/16	96.9	97.0	Moderate



Mortgage Rate Trends		Interest Rates and Indexes			
Short-Term	→→	1 Yr T-Bill	5.100%	11th D. COFI	4.396%
Long-Term	↗↗	10 Yr T-Note	4.860%	COSI	4.690%
Volatility	High	6 Month Libor	5.389%	CODI	5.217%
		Prime Rate	8.250%	MTA	4.983%

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
 Web: www.SuperLowRates.info



4580 SW 185th Ave., Aloha, OR 97007

