



Weekly Mortgage Update

**Week of
April 22,
2007**

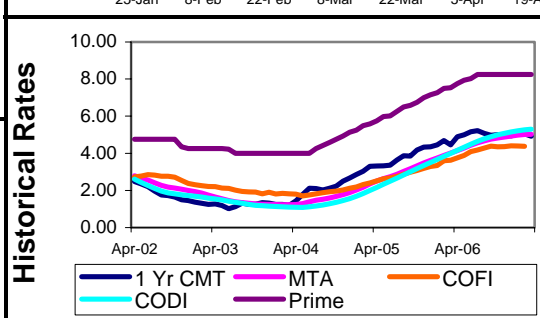
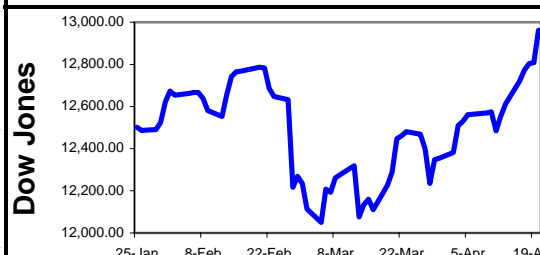
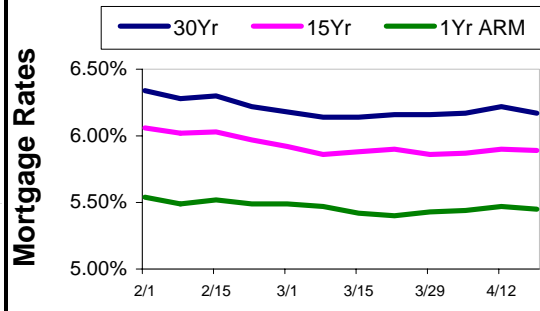
**Mortgage
Market
Commentary**

Mortgage rates ticked downward slightly last week, with retail sales numbers making a reasonable showing, and signs of moderating inflation. While the headline Consumer Price Index did jump up 0.6%, the more important core reading, which factors out volatile food and energy issues, posted a less-than-expected 0.1% gain, giving hope that inflation is finally beginning to dampen.

This week will be another busy week for financial markets. With last week's respectable retail sales data, an unexpected rise in Consumer Confidence could flatten mortgage rates at the beginning of the week. An at-or-below-expectations reading will likely help mortgage rates continue to drift slowly downward. The biggest news of the week will likely be the advance reading of 1st quarter GDP. With hopes kindled last week for diminished inflation, a sub-2.0% GDP could reignite hopes of a Fed interest rate cut in the term future. Mortgage rates would then begin to move downward. However, if GDP comes in much above 2.0%, mortgage rates are likely to continue to stay flat for a while.

This Week's Top Economic Reports and Events

<u>Report/Event</u>	<u>Date</u>	<u>Prior</u>	<u>Est.</u>	<u>Impact</u>
Consumer Confidence If consumer attitudes drop much more than expected, we could see some additional downward pressure develop on mortgage rates.	4/24	107.2	105.0	Significant
Existing Home Sales If last month's surprise increase in existing home sales is followed by another increase, we'll get a bit of upward pressure on rates.	4/24	6.69M	6.5M	Limited
Orders for Durable Goods Manufacturing continues to struggle. A higher-than-expected reading would surprise markets, and rates would feel some upward pressure.	4/25	1.7%	2.5%	Significant
New Home Sales Even with large inventories of unsold homes, builders continue to build new ones. A dip in sales could put some downward pressure on rates.	4/25	848K	885K	Limited
Gross Domestic Product (Adv) Is 2007 off to a weaker-than-expected start? If it is, we could see mortgage rates under some decent downward pressure to start next week.	4/27	2.5%	2.0%	Significant



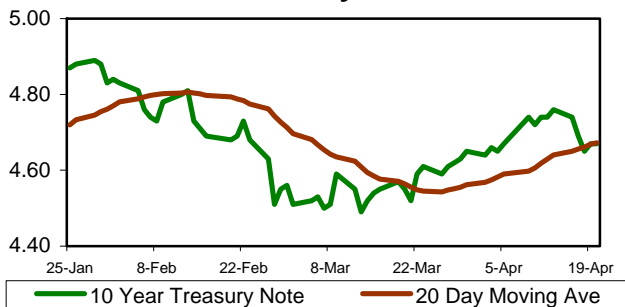
Mortgage Rate Trends

Short-Term →→
Long-Term →→
Volatility **High**

Interest Rates and Indexes

1 Yr T-Bill	4.970%	11th D. COFI	4.376%
10 Yr T-Note	4.740%	COSI	4.750%
6 Month Libor	5.354%	CODI	5.301%
Prime Rate	8.250%	MTA	5.027%

10 Year Treasury Note Trend



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