



Fidelity Lending Northwest's

Weekly Mortgage Update

**Week of
May 20,
2007**

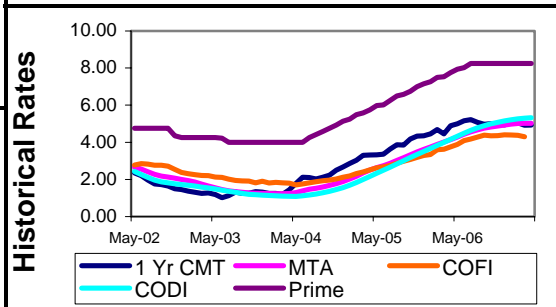
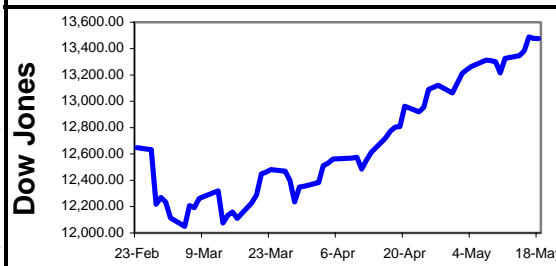
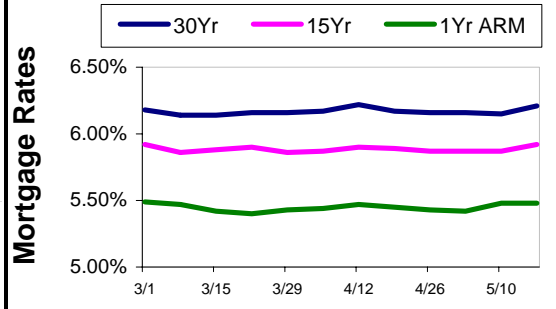
**Mortgage
Market
Commentary**

Mortgage rates ended last week with a bit of upward momentum. No single piece of economic news was responsible, but the market has become slightly less optimistic about a rate cut from the Fed in the relatively near future. Most of the economic news last week remained mixed. For example, the Consumer Price Index came in at 0.4%, which was less than expected. However, the slightly more important "core" reading of the CPI came in at 0.2%, right at expectations.

This week is an extremely light week in terms of economic data. Mortgage rates may continue to take small steps upward if the limited data of the week comes in anywhere near expectations. This week's new claims for unemployment may be the one thing that could hold rates level or even push them down a little. With the economy continuing to run at "full employment," an unexpected spike in new claims would be a sign that labor markets are weakening. This would also ease some of the concerns in the market about the growing potential of wage-driven inflation.

This Week's Top Economic Reports and Events

<u>Report/Event</u>	<u>Date</u>	<u>Prior</u>	<u>Est.</u>	<u>Impact</u>
EIA Petroleum Status Report	5/23			Limited
With gas prices rising, a big dip in petroleum inventories could fuel more inflation worries, and rates would feel some upward pressure.				
Orders for Durable Goods	5/24	3.7%	1.0%	Moderate
If orders remain steady or go up rather than down, we will see some upward pressure develop on mortgage rates.				
Weekly Jobless Claims	5/24	293K	300K	Moderate
With the labor market continuing to power along, despite economic softness, any signs of weakness would put downward pressure on rates.				
New Home Sales	5/24	858K	860K	Limited
After last week's drop in new building permits, a higher-than-expected sales number would be a relief, and rates would feel some upward push.				
Existing Home Sales	5/25	6.12M	6.10M	Limited
If existing home sales come in positive rather than negative, we'll hear cheers that we've hit the bottom, and rates might move up just a bit.				



Mortgage Rate Trends

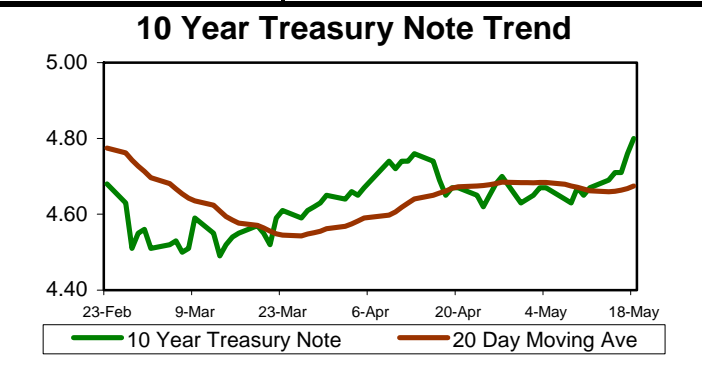
Short-Term **→→**

Long-Term **→→**

Volatility **High**

Interest Rates and Indexes

1 Yr T-Bill	4.890%	11th D. COFI	4.299%
10 Yr T-Note	4.650%	COSI	4.920%
6 Month Libor	5.370%	CODI	5.324%
Prime Rate	8.250%	MTA	5.029%



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