



## Fidelity Lending Northwest's

# Weekly Mortgage Update

**Week of  
Nov. 05,  
2006**

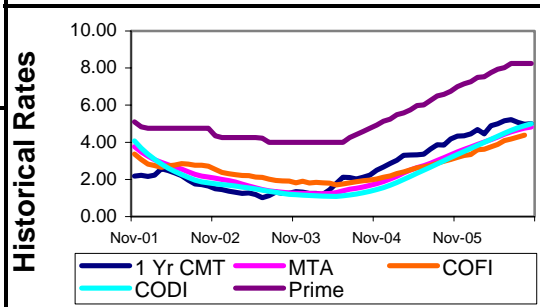
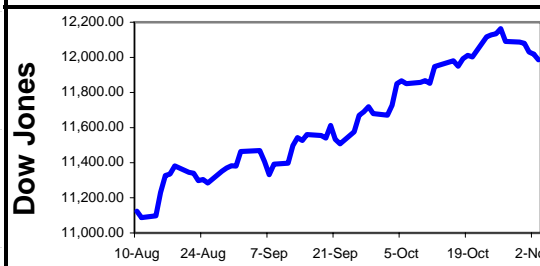
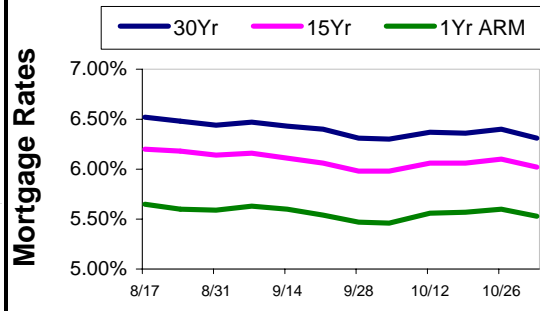
### Mortgage Market Commentary

Mortgage rates spent last week sliding downward as economic news continued to point toward both a weakening economy and moderating inflationary pressures. Then Friday's employment report knocked rates back upward. While the 92,000 new jobs created in October was under-expectations, the market was not prepared for previous month's massive revisions. September's new jobs number was upped to 148,000, while August's was revised to 230,000! Further pressuring rates upward was other data in the employment report that revealed that wage-driven inflation may not be too far off.

This week is a light week in terms of economic data, with nearly all the reports due on Thursday. Mortgage rates will likely continue moving upward in response to last week's employment news. With an election week, we could see some volatility due to last minute electioneering, but markets are mostly ignoring the messages nowadays. If the trade balance comes in higher than last month, we could see some additional unexpected upward pressure develop at the end of the week.

### 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> If consumer consumption of credit does not go up, a small amount of downward pressure could slow the week's rise in mortgage rates.	11/7	2.6B	5.0B	<b>Limited</b>
<b>Import and Export Prices</b> With import prices dropping, we are seeing some relief in inflationary pressure. Another drop will also slow the week's rise in mortgage rates.	11/9	0.1%	-0.8%	<b>Moderate</b>
<b>Initial Weekly Jobless Claims</b> After last week's employment report, another under-expectations reading in initial jobless claims would likely push rates higher on Thursday.	11/9	327K	315K	<b>Limited</b>
<b>Trade Balance</b> If the deficit comes in lower than expected, technical factors may come into play that would put some downward pressure on mortgage rates.	11/9	-69.9B	-66.0B	<b>Moderate</b>
<b>Wholesale Inventories</b> A significantly above-expectations reading could put a little downward pressure on rates as manufacturing would likely be slowed in the future.	11/9	1.1%	0.6%	<b>Limited</b>



**Mortgage Rate Trends**

Short-Term **↗↗**

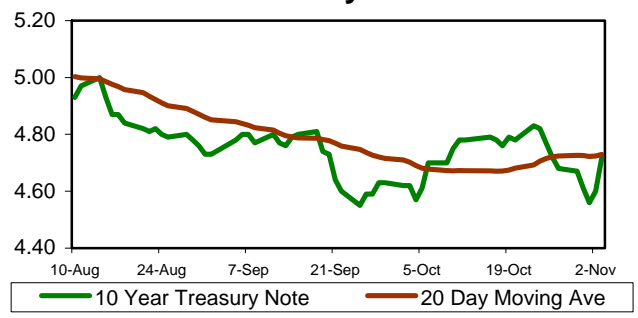
Long-Term **→→**

Volatility **Low**

**Interest Rates and Indexes**

1 Yr T-Bill	5.070%	11th D. COFI	4.382%
10 Yr T-Note	4.770%	COSI	4.490%
6 Month Libor	5.359%	CODI	4.997%
Prime Rate	8.250%	MTA	4.823%

### 10 Year Treasury Note Trend



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