



Trish Richard's Monday Mortgage Update

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MORTGAGE CORP
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**Week of
March 14,
2010**

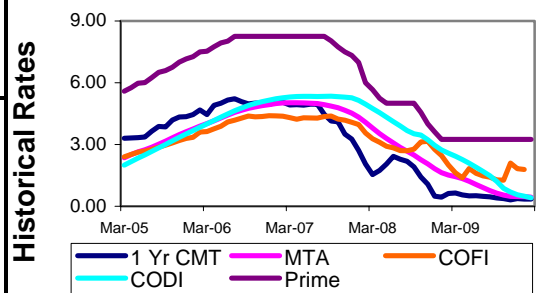
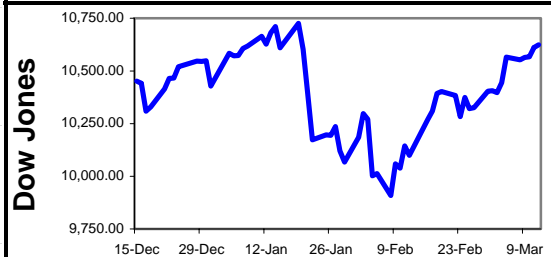
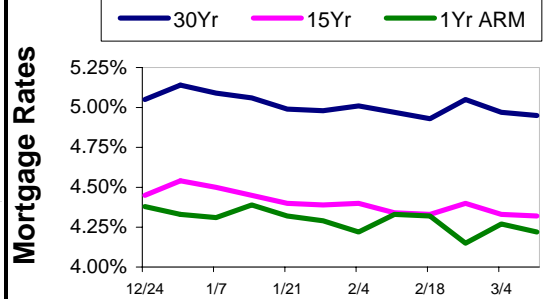
**Mortgage
Market
Commentary**

Last week saw mortgage rates again holding steady, as investors balanced economic news and the pending end to the Federal Reserve's campaign of buying mortgage debt. Economic news was a bit light last week, and many appeared to be waiting for this week for insight into the economy and rates.

Markets will have plenty to digest this week, with many important economic reports and a quick, but critical, one-day meeting of the Fed. With such a muted reaction after the Fed raised its discount rate at its last meeting, some analysts are expecting the discount rate to go up again. However, expectations are for the Fed to hold its Fed Funds rate steady. As has been the case for some time now, the accompanying policy announcement will likely have greater influence. Every indication that the Fed believes we are returning to "normal," will be that much more upward pressure on rates. This week also holds both the CPI and PPI. While inflation seems to be very muted with this slow economic recovery, the minute it starts picking up, mortgage rates should also start moving up.

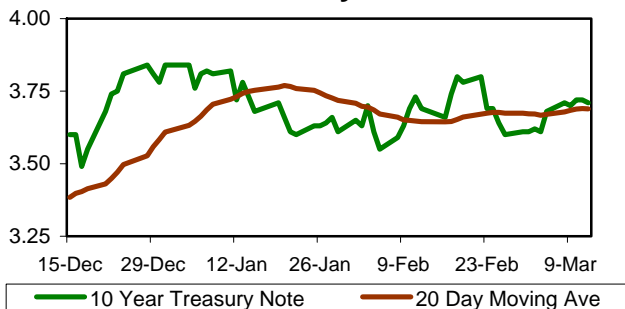
This Week's Top Economic Reports and Events

<u>Report/Event</u>	<u>Date</u>	<u>Prior</u>	<u>Est.</u>	<u>Impact</u>
Industrial Production	3/15	0.9%	0.0%	Significant
With an unchanged IP reading expected, any reading above 0.3% would be cheered by stocks, but mortgage rates might start moving upward.				
FOMC Policy Announcement	3/16			Significant
If the Fed indicates that it has a plan in place if mortgage markets suffer after March 31st, we'll see some downward pressure on mortgage rates.				
Producer Price Index (core)	3/17	0.3%	0.1%	Moderate
Minimal wholesale inflation has crept into the retail side of the economy. Even a 0.2% reading may put only a little upward pressure on rates				
Consumer Price Index (core)	3/18	-0.1%	0.1%	Significant
If last month's negative reading was a significant aberration, and we get a big jump in the core CPI, rates will very likely trend upward quickly.				
Leading Economic Indicators	3/18	0.3%	0.1%	Moderate
Can the LEI post an 11th straight increase? If it does, especially if it is higher than 0.3%, we'll have some additional upward pressure on rates.				



Mortgage Rate Trends		Interest Rates and Indexes			
Short-Term	→→	1 Yr T-Bill	0.340%	11th D. COFI	1.786%
Long-Term	↗↗	10 Yr T-Note	3.630%	COSI	2.270%
Volatility	High	6 Month Libor	0.398%	CODI	0.407%
		Prime Rate	3.250%	MTA	0.441%

10 Year Treasury Note Trend



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