



Rob Clark's Monday Mortgage Update



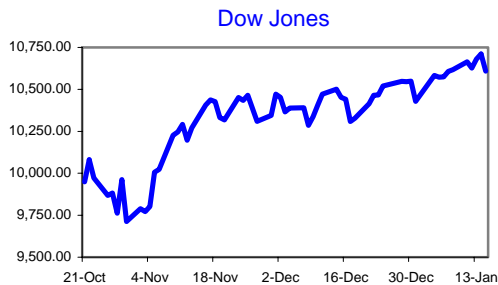
**Week of
Jan. 17,
2010**

**Mortgage
Market
Commentary**

Long-term mortgage rates moved down slightly last week as some of the recent optimism regarding the economy waned. While industrial output increased a solid 0.6%, the increase was due to utility output related to the frigid weather gripping much of the nation. Retail sales dropped by 0.3%, which was quite shy of the 0.5% increase that analysts had forecast. Fortunately, both the Consumer Price Index's headline and core numbers increased only a scant 0.1%.

While the market is being reminded that this recovery is at its early stages, and is a rather muted recovery, the debate over what the Fed will do regarding its purchases of mortgage-backed securities is heating up. Some analysts are predicting a full 1.0% or more increase in rates by March, while others see only about a 0.5% increase in the first half of the year. In any event, rates are very, very likely to increase over the next few months. However, we could see rates slip just a little more next week if economic news continues to point to a slow path for economic recovery.

Stock Market Trend



ARM Indices Don't Always Move As Expected

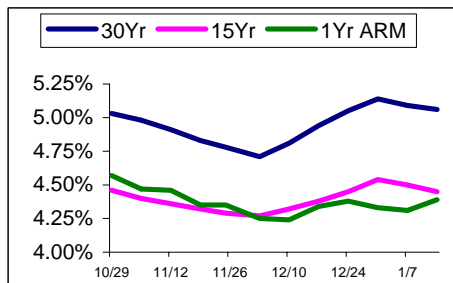
Borrowers with adjustable rate mortgages tied to the COFI index got a bit of a surprise in their last bill - their payment was going up. On December 31st, in a month where most indices went down, the COFI index jumped 0.835% to 2.094% from 1.259%. This index is calculated using data from a number of Western US institutions. One of the member institutions was Wachovia, and now as part of Wells Fargo, its data is no longer used in calculating the COFI.

Mortgage Rate Watcher

15 Day Rate Trend →

30 Day Rate Trend ↗

Market Volatility **High**

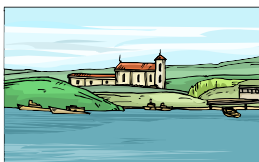


Worth Remembering

You can't do anything about the length of your life, but you can do something about its width and depth.

Evan Esar

Weekly Trivia Challenge



What Federal agency regulates transportation and commerce on Lake Tahoe?

If you know the answer to this week's Trivia Challenge, give me a call or drop me an email!

Rob Clark

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