



Mortgage Monitor



Weekly

January 25, 2008

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| Historical comparisons | 1-Yr ARM | 15-Yr fixed | 30-Yr fixed | Fannie Mae coupon | Mortgage Applications (Y/Y%) | |
|------------------------|----------|-------------|-------------|-------------------|------------------------------|--------|
| This week | 4.99 | 4.95 | 5.48 | 5.12 | Total | 60.6% |
| Last week | 5.26 | 5.21 | 5.69 | 5.05 | Purchase | 9.2% |
| Year ago | 5.49 | 5.98 | 6.25 | 5.93 | Refinance | 126.0% |

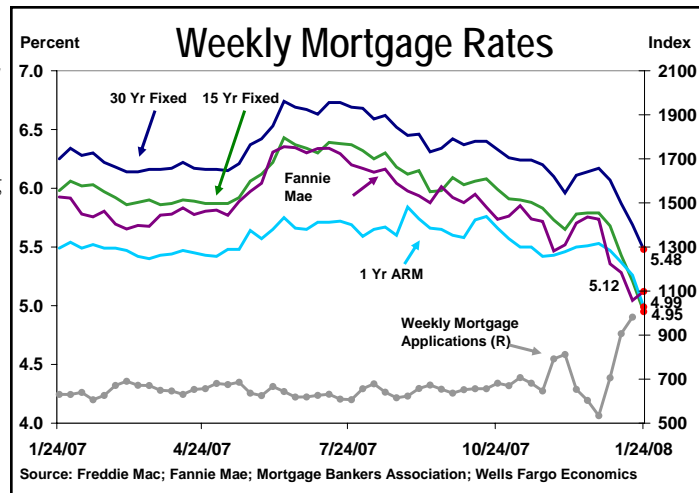
30-Year Rate Falls to 5.48%

Recap: The average 30-year fixed rate fell to 5.48% from 5.69%, the 15-year fixed rate fell to 4.95% from 5.21%, and the 1-year ARM fell to 4.99% from 5.26%.

Week in review: Mortgage rates plunged this week following more signs of economic weakness and an emergency Fed Funds rate cut. Despite a 21K drop in initial jobless claims, Treasury yields plunged on January 17 as December housing starts plummeted 14% to the lowest level since 1991 and the January Philadelphia manufacturing index fell to -20.9, the lowest since October 2001. Putting further downward pressure on yields were comments from Fed Chairman Ben Bernanke that the Fed was ready to cut rates to stave off a recession, and concerns that bond insurers may lose their AAA credit ratings. Yields held virtually steady on January 18 as a 0.2% drop in the December Leading Economic Indicators Index was offset by a rise in the January University of Michigan Consumer Sentiment Index to 80.5. On January 22, yields

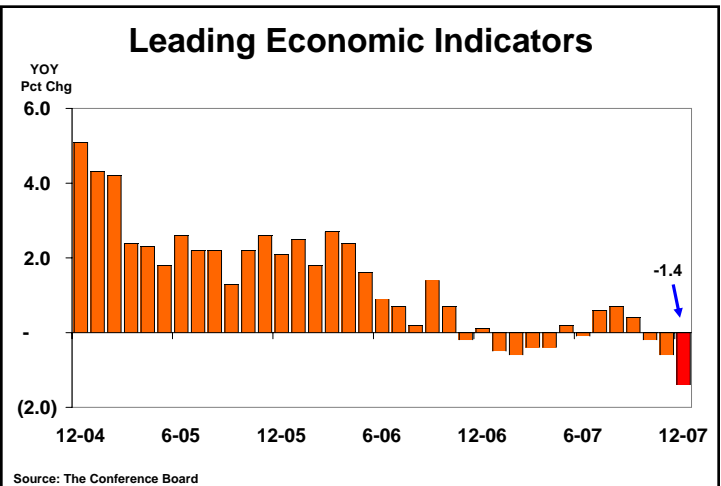
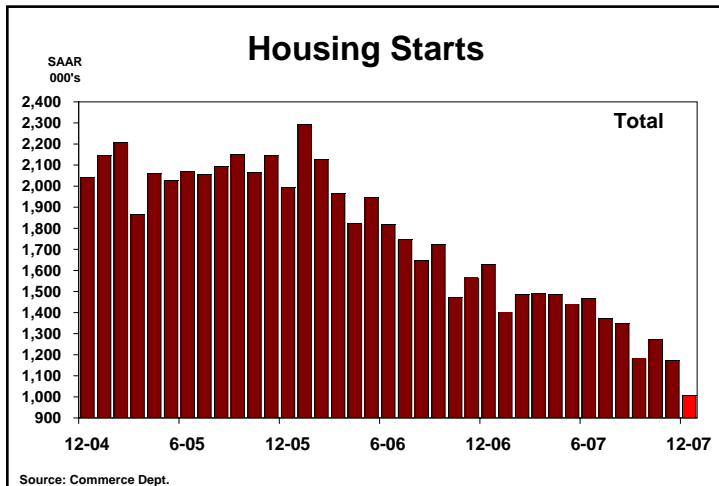
plunged again following the emergency 75 basis point cut in the Fed Funds rate. On January 23, the stock market rallied amid talk of a plan to bail out bond insurers, diminishing the attractiveness of Treasuries, and yields rose slightly.

Fed Funds Rate: The Fed Funds rate currently stands at 3.50%. The next meeting is January 30, at which time we expect the Fed to cut another 50 basis points amid continued financial turmoil and more signs of slowing economic growth.



Outlook: Despite a further drop in December existing home sales, Treasury yields rose on January 24 as initial jobless claims fell and an economic stimulus deal was struck. With yields already well above their mid-week lows, we expect mortgage rates to head higher in the coming week. However, in addition to the FOMC meeting, readings on new home sales, durable goods orders, consumer confidence and Q4 GDP will hit the wires in the upcoming week, leaving plenty of risk on both the upside and the downside for mortgage rates. The jobs report is due February 1.

-Ed Kashimarek, Economist
Wells Fargo & Company



| Financial Data | History | | | | | | Month-to-Date | | Current | Forecast (monthly) | | | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------------|-----------|---------|--------------------|---------|---------|---------|---------|---------|---------|--|
| | 2007.07 | 2007.08 | 2007.09 | 2007.10 | 2007.11 | 2007.12 | 2008.01 | 1/25/2008 | 2008.02 | 2008.03 | 2008.04 | 2008.05 | 2008.06 | 2008.07 | 2008.08 | 2008.09 | |
| Federal Funds Rate | 5.24 | 4.53 | 4.89 | 4.62 | 4.36 | 4.04 | 4.02 | 3.56 | 3.00 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | |
| Treasury-10 Year Notes (yield) | 5.01 | 4.67 | 4.52 | 4.53 | 4.15 | 4.10 | 3.77 | 3.64 | 3.65 | 3.70 | 3.76 | 3.76 | 3.76 | 3.76 | 3.76 | 3.76 | |
| Prime Rate | 8.25 | 8.25 | 8.03 | 7.74 | 7.50 | 7.32 | 7.09 | 6.50 | 6.00 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | |
| Mortgage-15 Year (yield) | 6.36 | 6.25 | 6.05 | 6.05 | 5.87 | 5.75 | 5.43 | 4.95 | 5.32 | 5.37 | 5.43 | 5.43 | 5.43 | 5.43 | 5.43 | 5.43 | |
| Mortgage-Adjustable (yield) | 5.70 | 5.65 | 5.70 | 5.67 | 5.49 | 5.49 | 5.34 | 4.99 | 5.08 | 5.13 | 5.19 | 5.19 | 5.19 | 5.19 | 5.19 | 5.19 | |
| Mortgage-30 Year (yield) | 6.69 | 6.59 | 6.39 | 6.38 | 6.22 | 6.09 | 5.87 | 5.48 | 5.70 | 5.75 | 5.81 | 5.81 | 5.81 | 5.81 | 5.81 | 5.81 | |

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