



# Mortgage Monitor



Weekly

November 30, 2007

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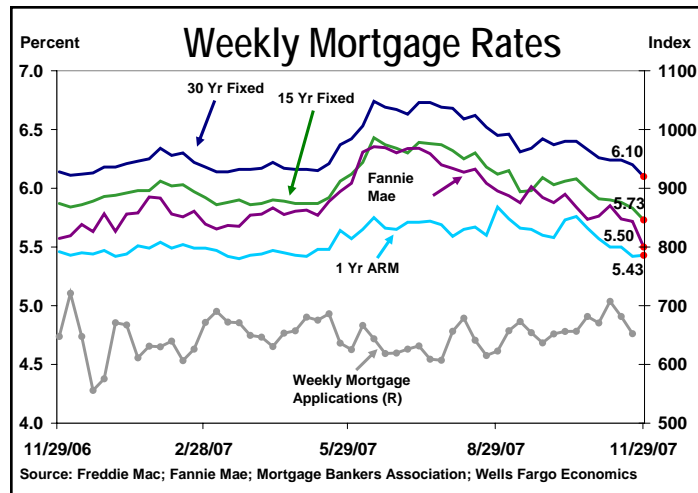
Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon	Mortgage Applications (Y/Y%)
This week	5.43	5.73	6.10	5.55	Total 8.9%
Last week	5.42	5.83	6.20	5.72	Purchase 10.7%
Year ago	5.46	5.87	6.14	5.57	Refinance 6.5%

## 30-Year Rate Falls to 6.10%

**Recap:** The average 30-year fixed rate fell to 6.10% from 6.20%, the 15-year fixed rate fell to 5.73% from 5.83%, and the 1-year ARM rose to 5.43% from 5.42%.

securities. Despite a 0.4% drop in October durable goods orders and a 1.2% drop in October existing home sales, yields rose on November 28 as comments from Federal Reserve Vice Chairman Donald Kohn raised expectations of another Fed rate cut in December, fueling another stock market rally.

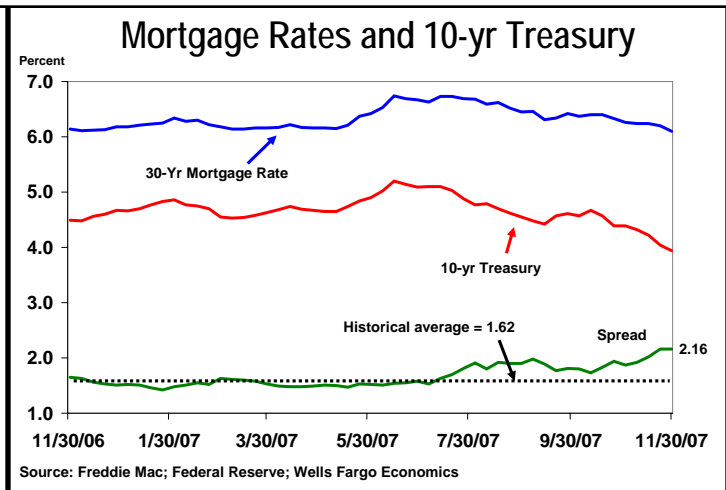
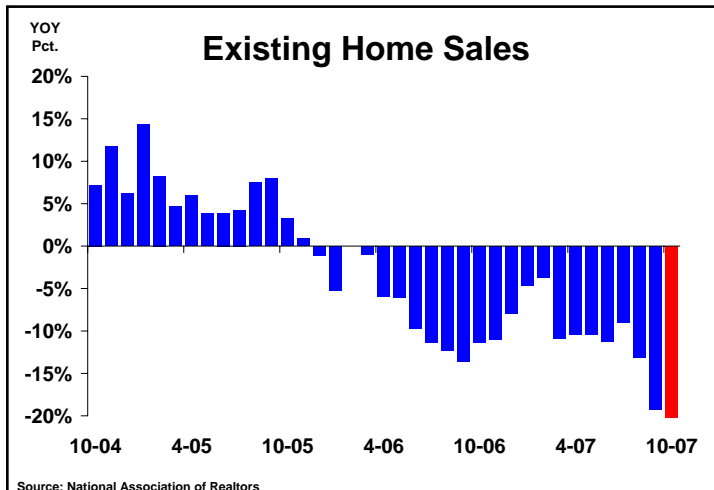
**Week in review:** Mortgage rates fell this week amid continued credit concerns and housing market weakness. Ten-year Treasury yields rose slightly on November 23 as expectations of a better-than-expected holiday shopping season fueled a stock market rally, making Treasuries slightly less attractive. On November 26, yields plunged as investors fled the stock market and rushed into Treasuries as Fannie Mae and Freddie Mac were downgraded, speculation rose about possible layoffs at Citigroup and HSBC announced it was bailing out two SIVs. Despite a 4.5% drop in the Q3 Case-Shiller Home Price Index and a plunge in November consumer confidence to 87.3, yields rebounded on November 27 as a rebound in the stock market, fueled by Abu Dhabi's \$7.5 billion investment in Citigroup and falling oil prices, diminished the attractiveness of fixed income



**Fed Funds Rate:** The Fed Funds rate currently stands at 4.50%. The next meeting is December 11, at which time we expect the Fed to cut another 25 basis points amid continued financial turmoil and signs of slowing economic growth.

**Outlook:** Ten-year Treasury yields have fallen much faster than 30-year mortgage rates recently, leading to a considerably wider spread. Thus, even though 10-year Treasury yields rose slightly over the mortgage survey period, 30-year mortgage rates fell as they are finally starting to follow Treasury yields again after holding virtually steady over the past month. If Treasury yields remain in their recent range in the near term, mortgage rates will likely fall further, narrowing the spread closer to the historical average.

-Ed Kashmarek, Economist  
Wells Fargo & Company



Financial Data	History					Month-to-Date		Current		Forecast (monthly)							
	2007.05	2007.06	2007.07	2007.08	2007.09	2007.10	2007.11	11/30/2007	2007.12	2008.01	2008.02	2008.03	2008.04	2008.05	2008.06	2008.07	
Federal Funds Rate	5.26	5.24	5.24	4.53	4.89	4.62	4.37	4.69	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	
Treasury-10 Year Notes (yield)	4.75	5.10	5.01	4.67	4.52	4.53	4.14	3.99	4.10	4.15	4.20	4.20	4.20	4.35	4.35	4.35	
Prime Rate	8.25	8.25	8.25	8.25	8.03	7.74	7.50	7.50	7.25	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Mortgage-15 Year (yield)	5.93	6.30	6.36	6.25	6.05	6.05	5.87	5.73	5.69	5.74	5.79	5.79	5.79	5.94	5.94	5.94	
Mortgage-Adjustable (yield)	5.50	5.66	5.70	5.65	5.70	5.67	5.49	5.43	5.32	5.37	5.42	5.42	5.42	5.57	5.57	5.57	
Mortgage-30 Year (yield)	6.23	6.61	6.69	6.59	6.39	6.38	6.22	6.10	6.03	6.08	6.13	6.13	6.13	6.28	6.28	6.28	

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