Mortgage Monitor

Weekly

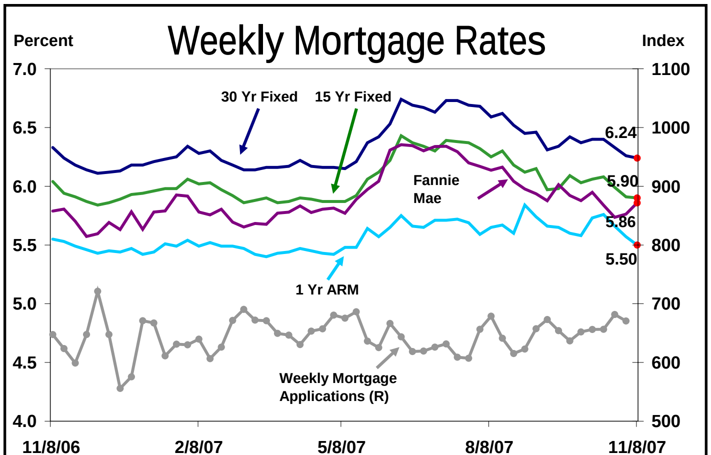
November 9, 2007

Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon	Mortgage Applications (Y/Y%)	
This week	*5.50*	*5.90*	*6.24*	*5.86*	Total	*8.0%*
Last week	*5.57*	*5.91*	*6.26*	*5.76*	Purchase	*2.6%*
Year ago	*5.55*	*6.04*	*6.33*	*5.79*	Refinance	*14.7%*

30-Year Rate Falls to 6.24%

Recap: The average 30-year fixed rate fell to 6.24% from 6.26%, the 15-year fixed rate fell to 5.90% from 5.91%, and the 1-year ARM fell to 5.50% from 5.57%.

Week in review: *Mortgage rates slid this week as credit concerns overshadowed strong job growth.* Despite a 6K drop in initial jobless claims and a 0.4% rise in September personal incomes, 10-year Treasury yields plunged on November 1 as a weaker-than-expected 0.3% rise in September consumer spending, a drop in the October ISM manufacturing index to 50.9 and a rout in the stock market, fueled by a downgrade to Citigroup's stock, all made Treasuries more attractive to investors. An unexpected 0.2% rise in September factory orders and a very strong 166K job gain for October couldn't stem the tide as credit concerns continued to worry the market on November 2, and yields fell again. A rise in the October ISM non-manufacturing index to 55.8 helped to lift yields on November 5. A rebound in the stock market and a statement from Goldman Sachs that they will not announce a write-down on bad loans helped to reduce demand for Treasuries on November 6, and yields rose further. A strong 4.9% increase in third quarter productivity, a 0.2% drop in third quarter unit labor costs, a lower-than-forecast yield in the 10-year Treasury auction, dovish comments from St. Louis Fed President William Poole and another rout in the stock market stoked by unfavorable news from General Motors and Washington Mutual all helped to increase the attractiveness of Treasuries on November 7, and yields fell.

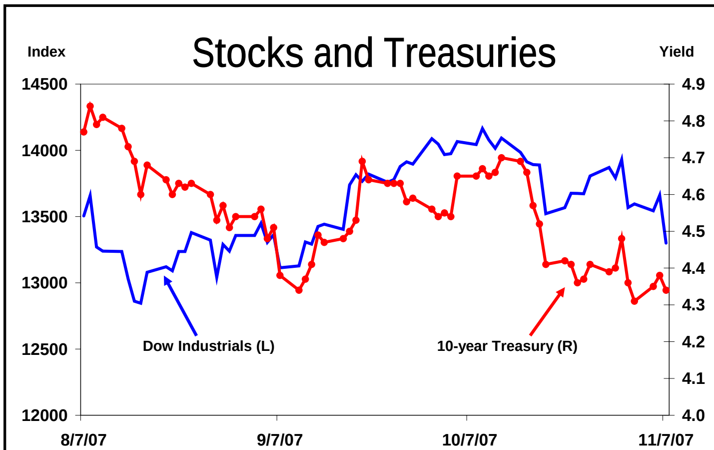


Source: Freddie Mac; Fannie Mae; Mortgage Bankers Association; Wells Fargo Economics

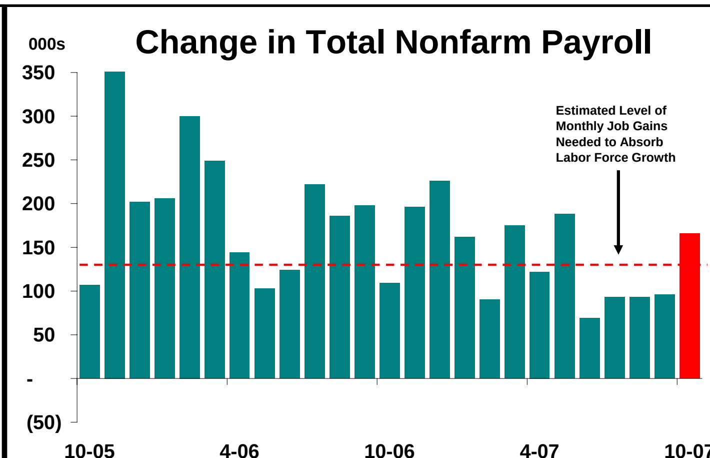
Fed Funds Rate: The Fed Funds rate currently stands at 4.50%. The next meeting is December 11, at which time we expect the Fed to hold rates steady as the Fed has stated the risks to growth and inflation are roughly balanced.

Outlook: Treasury yields fell on November 8 as Fed Chairman Ben Bernanke suggested the economy could slow noticeably while high commodity prices could accelerate inflation. This, along with ongoing credit concerns and reports on inflation, pending home sales and retail sales, will drive rates in the upcoming week.

-Ed Kashmarek, Economist
Wells Fargo & Company



Source: Dow Jones; Federal Reserve; Wells Fargo Economics



Source: Bureau of Labor Statistics

Financial Data	History 2007.05	2007.06	2007.07	2007.08	2007.09	2007.10	Month-to-Date 2007.11	Current 11/9/2007	Forecast (monthly) 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	4.36	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Treasury-10 Year Notes (yield)	4.75	5.10	5.01	4.67	4.52	4.53	4.33	4.24	4.35	4.40	4.40	4.45	4.45	4.55	4.55	4.55
Prime Rate	8.25	8.25	8.25	8.25	8.03	7.74	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Mortgage-15 Year (yield)	5.93	6.30	6.36	6.25	6.05	6.05	5.91	5.90	5.89	5.94	5.94	5.99	5.99	6.09	6.09	6.09
Mortgage-Adjustable (yield)	5.50	5.66	5.70	5.65	5.70	5.67	5.55	5.50	5.53	5.58	5.58	5.63	5.63	5.73	5.73	5.73
Mortgage-30 Year (yield)	6.23	6.61	6.69	6.59	6.39	6.38	6.25	6.24	6.23	6.28	6.28	6.33	6.33	6.43	6.43	6.43