Mortgage Monitor

Weekly

March 9, 2007

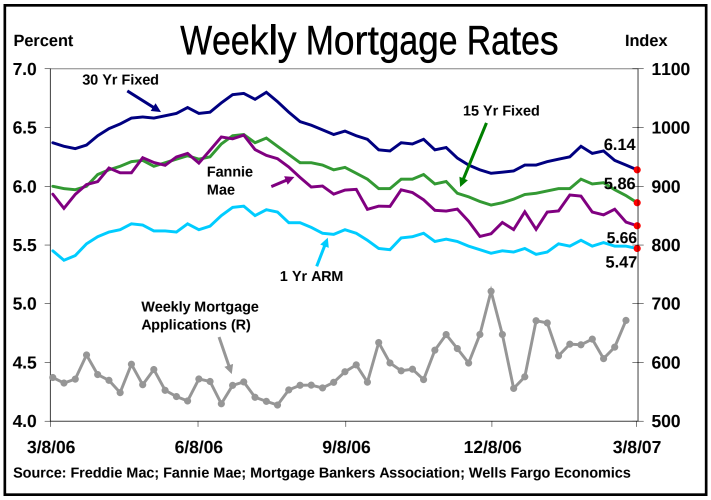
Historical comparisons	1-Yr ARM	15-Yr fixed	30-Yr fixed	Fannie Mae coupon
This week	*5.47*	*5.86*	*6.14*	*5.66*
Last week	*5.49*	*5.92*	*6.18*	*5.70*
Year ago	*5.45*	*6.00*	*6.37*	*5.83*

Mortgage Applications (Y/Y%)	
Total	*16.7%*
Purchase	*1.6%*
Refinance	*38.4%*

30-Year Rate Falls to 6.14%

Recap: The average 30-year fixed rate fell to 6.14% from 6.18%, the 15-year fixed rate fell to 5.86% from 5.92%, and the 1-year ARM fell to 5.47% from 5.49%.

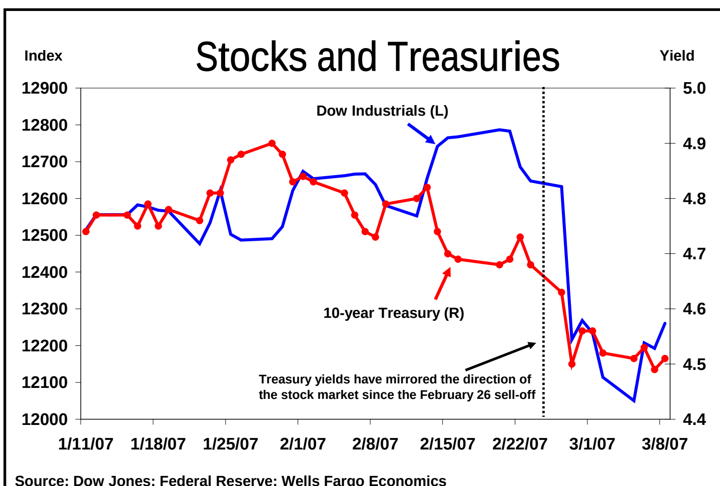
Week in review: *Mortgage rates fell this week as the bond market benefited from continued flight to quality amid uncertainty in the economy and equity markets.* On March 1, despite a 0.5% rise in January personal consumption, a 0.7% rise in personal incomes, a 0.3% rise in core PCE inflation and a rebound in the February ISM Manufacturing Index to 52.3, Treasury yields held steady as these reports were offset by a 0.8% drop in January construction spending and continuing concerns about equity market risk and sub-prime mortgage defaults. A drop in the February University of Michigan Consumer Sentiment Index to 91.3 from 96.9, the biggest drop since last May, and another bad day for stocks sent more investors into bonds, driving yields lower on March 2. Yet another drop in the stock market, combined with a decline in the February ISM Non-manufacturing Index to 54.3, the lowest mark since April 2003, sent yields still lower on March 5. Despite a 5.6% drop in January factory orders and a 4.1% decline in January pending home sales, bond yields rebounded on March 6 as the stock market rebounded and Q4 unit labor cost growth was revised up significantly to 6.6% from 1.7%. Yields resumed their slide on March 7, however, as the Fed Beige Book showed signs of slowing economic activity in some regions.

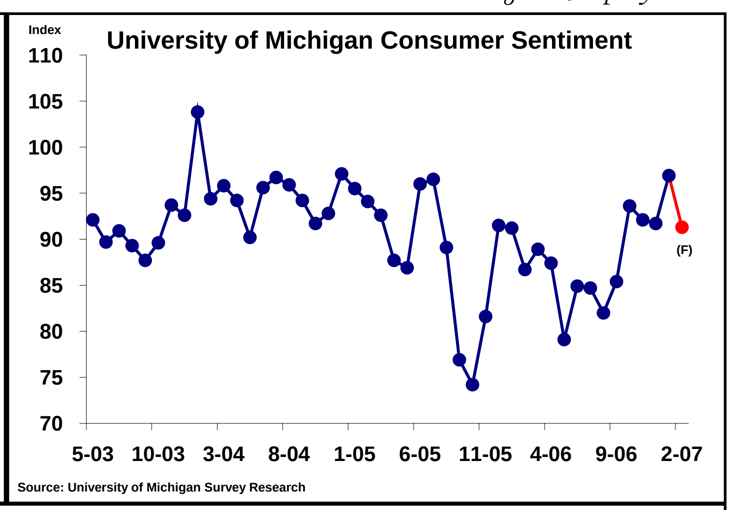


Fed Funds Rate: The Fed Funds rate currently stands at 5.25%. The next meeting is March 21, at which time we expect the Fed to keep the rate unchanged as the soft landing appears within sight. Fed Funds futures show traders expect a rate cut to come in late summer or early fall of 2007.

Outlook: We believe that the bond market is currently overvalued due to overreaction to the stock sell-off in China. This, along with the fact that personal spending and incomes remain strong, core inflation remains elevated and job growth remains firm, leads us to believe that the balance of risk for mortgage rates in the near term is to the upside.

-Ed Kashmarek, Economist
Wells Fargo & Company





Financial Data	History 2006.09	2006.10	2006.11	2006.12	2007.01	2007.02	Month-to-Date 2007.03	Current 3/9/2007	Forecast (monthly) 2007.04	2007.05	2007.06	2007.07	2007.08	2007.09	2007.10	2007.11
Federal Funds Rate	5.27	5.25	5.25	5.25	5.25	5.28	5.21	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Treasury-10 Year Notes (yield)	4.72	4.73	4.59	4.57	4.76	4.72	4.52	4.59	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Prime Rate	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Mortgage-15 Year (yield)	6.11	6.03	5.99	5.87	5.96	6.02	5.92	5.86	5.95	5.95	5.95	5.95	5.95	5.95	5.95	5.95
Mortgage-Adjustable (yield)	5.58	5.53	5.53	5.45	5.46	5.51	5.49	5.47	5.47	5.47	5.47	5.47	5.47	5.47	5.47	5.47
Mortgage-30 Year (yield)	6.43	6.35	6.28	6.13	6.21	6.29	6.18	6.14	6.21	6.21	6.21	6.21	6.21	6.21	6.21	6.21