

Morgan Strause

Market Update

In addition to other economic indicators, this week will see the release of three highly important economic reports as well as two Treasury auctions that may influence rates (see Economic Calendar below). These are the Consumer Confidence Index, Durable Goods Orders and GDP revisions.

The Consumer Confidence Index (CCI) will be released on Tuesday. This is one of the more important releases of the week because it measures consumer willingness to spend. If the index rises, it indicates that consumers feel better about their personal financial situations and are more apt to make large purchases. If confidence is sliding, analysts think consumer spending may slow in the near future. The latter is good news for the bond market because consumer spending makes up two-thirds of the U.S. economy. A decline should boost bond prices and push mortgage rates lower Tuesday morning. The index is expected to slightly increase.

Two monthly reports will come out Wednesday morning. The more important of the two is April's Durable Goods Orders data. This report gives us an indication of manufacturing sector strength by tracking orders at U.S. factories for big-ticket products. It is currently expected to show an approximate 1.4% increase in new orders. If this report shows a larger than expected rise, we should see mortgage rates move higher because it indicates manufacturing growth. If it shows a smaller than expected increase, we could see rates improve.

The bond market will close early Friday afternoon ahead of next Monday's Memorial Day holiday. There is a high possibility of seeing mortgage rates change many times this week, especially if there is more volatility in the stock markets, so please proceed very carefully when considering locking a loan.

Pete Lunetto

Chief Credit Officer

Market News – Snapshot

Mortgage

Mortgage	this week	last week
30yr Conf Ntl Avg	4.840	4.930
15yr Conf Ntl Avg	4.240	4.300

Weekly Indices

	this week	last week
6 Month CD	0.208	0.209
1 Year T-Bill	0.324	0.328
2 Year T-Note	0.747	0.782
3 Year T-Note	1.260	1.370
5 Year T-Note	1.999	2.146
10 Year T-Note	3.211	3.455
30 Year T-Bond	4.078	4.338

Monthly Indices

	this month	last month
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11th Dist.	1.859	1.614
6 Month LIBOR	0.696	0.531
1 Month LIBOR	0.340	0.280
MTA Index	0.413	0.421

Other

Prime Rate	3.250
Fed. Funds Rate	0.250
Discount Rate	0.750
12 Month LIBOR	1.15

Week of May 24 - May 28

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior	Revised From
May 24	10:00	Existing Home Sales	Apr	5.7M	5.65M	5.4M		
May 25	09:00	Case-Shiller 20-city Index	Mar	3.0%	2.8%	0.6%		
May 25	10:00	Consumer Confidence	May	58.1	58.3	57.9		
May 25	10:00	FHFA Housing Price Index	Mar	NA	NA	-0.2%		
May 26	08:30	Durable Orders	Apr	1.3%	1.4%	-0.3%		
May 26	08:30	Durable Orders ex Transportation	Apr	0.5%	0.5%	3.5%		
May 26	10:00	New Home Sales	Apr	430	425	411		
May 26	10:30	Crude Inventories	05/22	NA	NA	0.162M		
May 27	08:30	GDP - Second Estimate	Q1	3.3%	3.3%	3.2%		

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior	Revised From
May 27	08:30	GDP Deflator - Second Estimate	Q1	0.9%	0.9%	0.9%	0.9%	
May 27	08:30	Initial Claims	05/22	450K	455K	455K	NA	
May 27	08:30	Continuing Claims	05/22	4600K	4600K	4600K	NA	
May 28	08:30	Personal Income	Apr	0.4%	0.4%	0.4%	0.3%	
May 28	08:30	Personal Spending	Apr	0.0%	0.3%	0.3%	0.6%	
May 28	08:30	PCE Prices - Core	Apr	0.0%	0.1%	0.1%	0.1%	
May 28	09:45	Chicago PMI	May	60.0	60.0	60.0	63.8	
May 28	09:55	U. Michigan Consumer Sentiment	May	73.8	73.7	73.7	73.3	