



Mortgage Time

Mortgage Market News for the week ending July 16, 2010

Compliments of
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Events This Week:

Retail Sales Down

Inflation Low

Sentiment Dropped

Manufacturing Fell

Events Next Week:

Tues 7/20
Housing Starts

Thur 7/22
Existing Sales
Leading Indicators
Treasury Announce.

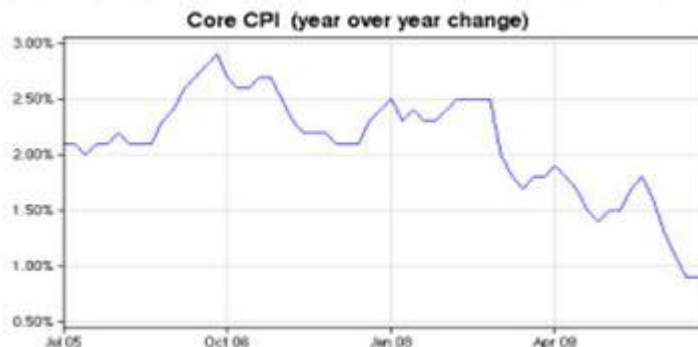
Slow Growth, Low Rates

Weaker than expected economic data and continued low inflation helped mortgage rates move a little lower from last week. In recent weeks, investors have modified their consensus outlook to reflect weaker economic growth during the second half of the year. The manufacturing and retail sales data released during the week reinforced this view. Lending further support, the Fed revised its forecast for 2010 economic growth lower as well. Meanwhile, this week's CPI and PPI data continued to show that inflation is not a concern in the short term. Uncertainty about the pace of the economic recovery has made investors willing to purchase safer assets such as government guaranteed mortgage-backed securities (MBS) at these relatively low yields.

Congress passed the comprehensive Financial Regulations bill and President Obama will sign it into law soon. The bill provides a framework for oversight of the financial services industry, and certain aspects of the bill will affect mortgage lending and the home buying process. The bill calls for various regulatory agencies, some of which will be newly created, to determine the details. Implementation of most of the new mortgage-related rules is expected to take 18 to 24 months to complete.

Also Notable:

- June Core CPI inflation increased at a very low 0.9% annual rate
- Weekly Jobless Claims dropped to the lowest level since August 2008
- The debt of Portugal was downgraded by a major credit rating agency
- Bernanke stated that increasing credit to small businesses is "crucial" to the economic recovery



Average 30 yr fixed rate:

Last week: -0.02%

This week: -0.05%

Stocks (weekly):

Dow: 10,200 +100

NASDAQ: 2,200 +25

Week Ahead

A light Economic Calendar next week will focus mainly on Housing data. Housing Starts will be released on Tuesday. Existing Home Sales and Leading Indicators will come out on Thursday. Also on Thursday, the Treasury will announce the size of upcoming auctions.

To learn more about news impacting interest rates and mortgage markets, go to www.mbsquoteline.com

To learn more about the newsletter, please call 800-627-1077

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