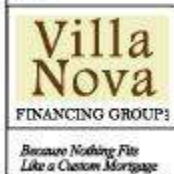


MORTGAGE MARKET IN REVIEW



Anthony Villanova

Vice President CMPS
 Villa Nova Financing Group LLC
 140 Mountain Ave. #102
 Springfield, NJ 07081
 Phone: (973)921-0220
 Fax: (973)921-0970
 Cell Phone: (908)451-4449
 E-Mail: vfin@comcast.net

Market Comment

Mortgage bond prices were near unchanged last week holding rates in check. Stock strength the early part of the week caused bonds to struggle. Weaker than expected personal income, outlays, PCE Core, and factory orders data helped bonds bounce back a bit. Stocks extended their gains Wednesday once again at the expense of bonds. Higher than expected weekly jobless claims had investors jittery heading into the employment report. The jobs report released Friday confirmed fears that unemployment remains high in the US.

Rates fell by about 1/8 of a discount point for the week.

The most important event this week will be the Fed meeting Tuesday. The Treasury auctions may also move the markets

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Preliminary Q2 Productivity	Tuesday, Aug. 10, 8:30 am, et	2.8%	Important. A measure of output per hour. Improvement may lead to lower mortgage rates.
3-year Treasury Note Auction	Tuesday, Aug. 10, 1:15 pm, et	None	Important. \$34 billion of notes will be auctioned. Strong demand may lead to lower mortgage rates.
Fed Meeting Adjourns	Tuesday, Aug. 10, 2:15 pm, et	No changes	Important. Few expect the Fed to change rates, but some volatility may surround the adjournment of this meeting.
Trade Data	Wednesday, Aug. 11, 8:30 am, et	-42.3B	Important. Affects the value of the dollar. A falling deficit may strengthen the dollar and lead to lower rates.
10-year Treasury Note Auction	Wednesday, Aug. 11, 1:15 pm, et	None	Important. \$24 billion of notes will be auctioned. Strong demand may lead to lower mortgage rates.

30-year Treasury Bond Auction	Thursday, Aug. 12, 1:15 pm, et	None	Important. \$16 billion of bonds will be auctioned. Strong demand may lead to lower mortgage rates.
Consumer Price Index	Friday, Aug. 13, 8:30 am, et	Unchanged Core up 0.1%	Important. A measure of inflation at the consumer level. Lower figures may lead to lower rates.
Retail Sales	Friday, Aug. 13, 8:30 am, et	Down 0.2%	Important. A measure of consumer demand. Weakness may lead to lower mortgage rates.
U of Michigan Consumer Sentiment	Friday, Aug. 13, 10:00 am, et	67.2	Important. An indication of consumers' willingness to spend. Weakness may lead to lower mortgage rates.
Business Inventories	Friday, Aug. 13, 10:00 am, et	Up 0.1%	Low importance. An indication of stored-up capacity. A significantly large increase may lead to lower rates.

Bond Purchases

There was talk last week that the Fed may resume the purchases of mortgage-backed securities in order to try to boost the struggling US economy. Generally when there is more demand for a bond the price increases and rates fall. This could push mortgage interest rates even lower than their current historic levels. The Wall Street Journal reported that the Fed might make "a modest but symbolically important change" in how they manage their securities portfolios. Analysts indicate the Fed could use proceeds from maturing mortgage bonds to restart their MBS buying. We should hear some news regarding this following the Fed meeting this week.

To unsubscribe, please hit "reply" and include unsubscribe in the subject line.

Copyright 2010. All Rights Reserved. Mortgage Market Information Services, Inc. www.ratelink.com The information contained herein is believed to be accurate, however no representation or warranties are written or implied.

