



Wayne D. Martin's Monthly Mortgage Update

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Mortgage Rates Continue To Climb With the Economy Growing

Mortgage rates continued upward throughout April with abundant evidence that the economy powered strongly ahead in the first quarter. While energy concerns continued to dominate the news, the impact of higher energy prices appears to be being mostly absorbed. Inflation continues to run slightly above the level that many believe is the Fed's target level for inflation. Consumer attitudes teetered during the month, but measures of consumer spending were very positive. Manufacturing and business issues all remained in positive territory.

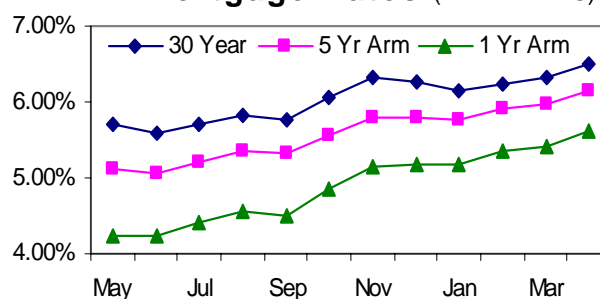
May is off to a more muted start with the Employment Report failing to live up to expectations. While still healthy, only 130,000 jobs were created in April. This may help slow the ascent of mortgage rates during the month. Mortgage market activity is likely to be dominated by two questions during the month. First, will the Fed pause in hiking rates at their June meeting? Second, will the economy cool off a bit in the second quarter?

The Federal Open Market Committee meets at the beginning of the month. The market already has fully priced in another quarter-point increase in the Fed's overnight lending rate. The policy statement released following the meeting will set the stage for the direction of mortgage rates for the month. If the statement gives any clues that the Fed is ready to pause in increasing interest rates, mortgage rates will have a chance to drift downward during the month. If the statement continues to express concern about strong economic growth that may require proactive management to keep inflationary pressures in check, mortgage rates will likely spend the month climbing upward. Traders will be watching this month's economic news and data for continued signs of cooling in the rate of economic growth. If consumer spending and business activity slow down a bit, mortgage rates may find some relief. However, if the Employment Report turns out to be the only evidence of cooling and the Fed does not signal an upcoming pause, mortgage rates will spend another month climbing upward.

Economic indicators

Indicator	Period	Reading	Change
↑ Gross Domestic Product	1Q 06	4.8%	+3.1%
↓ Leading Indicators	Mar	138.4	-0.1%
↑ Retail Sales	Mar	\$361.0B	+0.6%
↑ Consumer Price Index	Mar	199.8	+0.6%
↑ Manufacturing (ISM)	Apr	57.3	+2.1
↑ Consumer Confidence	Mar	109.6	+2.1
● Employment Rate	Apr	4.7%	N/C
↑ New Jobs Created	Apr	138,000	+
↓ Housing Starts	Mar	1.96M	+7.8%
↑ New Home Sales	Mar	6.29M	+0.3%
↑ Existing Home Sales	Mar	1.21M	+13.8%

Mortgage Rates (FMNA PMMS)



Indices and Interest Rates

1 Yr T-Bill	4.940%	11th D. COFI	3.604%
10 Yr T-Note	5.070%	COSI	3.560%
6 Month Libor	5.281%	CODI	4.158%
Prime Rate	7.750%	MTA	4.142%



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Do you know any friends or family in Colorado who ...

- Are purchasing a home or investment property and would like trustworthy help with their real estate financing.
- Are getting married, relocating, or having a new baby and may be interested in buying a first home or a new larger home.
- Would like honest help in exploring the numerous refinancing options available for their home.



“The greatest compliment I can receive is a personal referral from you.”



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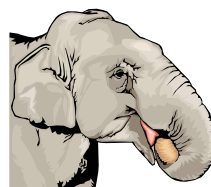
A Tradition of Distinctive Mortgage Service

The Bonehead Awards

True Stories of Less-Than-Genius Achievements!



A “too dumb to be a criminal” bonehead award goes to Johnny Ray Miller and Robert A. Patterson in Enid, OK. The pair spent four hours driving around town planning to steal a car and burn it. The two discussed in detail making an incendiary device out of a light bulb. One of the two was concerned about whether police could get fingerprints from the torched car. He did not need to worry. One of the pair had hit the 911 button on a cell phone, and police had recorded four hours of their conversation. - Associated Press



A “did you think it would be cuddly?” bonehead award goes to an unnamed woman in Waco, Texas. While visiting the zoo, the woman decided she wanted to play with the elephants. She proceeded to climb a 3-foot-high wood-and-wire fence, scale an 8-foot artificial rock structure and bypass an electric wire. Unfortunately, the elephants weren’t too keen on her visit. As she approached one of them, it smacked her with its trunk. She escaped with only minor injuries. - Sun-Sentinel