



# Lee Ann Arrigo's Weekly Mortgage Update



**Week of  
June 15,  
2008**

**Mortgage  
Market  
Commentary**

Inflation fears kicked in last week, driving long-term mortgage rates up significantly. While the core reading of the Consumer Price Index came in at expectations, the headline number rose a stout 0.6%. Additionally, retail sales bounced up 1.0%, almost twice the rate of increase that had been anticipated. While the increase in retail sales certainly bodes well for the economy as a whole, it does increase the likelihood that prices in the economy will see more upward pressure. With inflation already running at the higher end of most economists' comfort range, anything that pushes inflationary pressures higher will likely result in higher mortgage rates, especially longer-term notes.

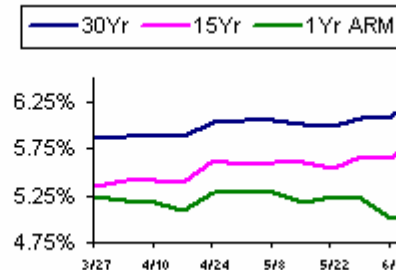
Next week, the Producer Price Index is due. If we see another higher-than-expected reading in either the headline or core numbers, we'll certainly see mortgage rates continuing to climb. If the readings come in lower-than-expected, we may see mortgage rates back off just a little bit. However, if Industrial Production readings spike, we'll see rates continuing to trend upward for a while.

## Mortgage Rates

**Freddie Mac's  
Primary Mortgage Market Survey**

	June 12		6/5/08
30 Year Fixed	6.32%	▲	6.09%
15 Year Fixed	5.93%	▲	5.65%
One Year ARM	5.09%	▲	5.01%

For more information visit [www.FreddieMac.com](http://www.FreddieMac.com)



**Rates & Indexes**

1 Yr T-Bill	2.140%
12 Mn Libor	3.681%
6 Mo Libor	3.255%
11 <sup>th</sup> D. COFI	3.111%
Prime	5.000%
Fed Fund	2.000%

## Economic Snapshot

**Gross Domestic Product**

29-May ▲ %pt Chg  
+0.9% 0.3  
*Weak Growth*

**Consumer Confidence**

27-May ▼ pt Chg  
57.2 5.6  
*Confidence Decreasing*

**Housing Starts**

16-May ▲ % Chg  
1.03M 8.2%  
*Sluggish Growth*

**Dow Jones** 12,307.35 **NASDAQ** 2,454.50  
**NYSE** 9,063.23 **S&P 500** 1,360.03



**Unemployment Rate**

6-Jun ▲ %pt Chg  
5.5% 0.5  
*Rising Employment*

**US Retail Sales**

12-Jun ▲ % Chg  
385.4b 1.0%  
*Rebounding Growth*

**Existing Home Sales**

23-May ▼ % Chg  
4.89m 1.0%  
*Slowing Growth*

**Leading Indicators (LEI)**

19-May ▲ % Chg  
102.0 0.1  
*Sluggish Growth*

**Manufacturing Activity**

2-Jun ▲ pt Chg  
49.6 1.0  
*Manufacturing Contracting*

**New Home Sales**

27-May ▲ % Chg  
526K 3.3%  
*Slowing Growth*

### Bonehead of the Week

A "smile for the camera" bonehead award goes to a soon-to-be-caught thief in Bromley, UK. While riding on a tram, the criminal accosted a teenager and demanded to see some jewelry that he was showing a friend. The crook snatched the items and refused to give them back. Before exiting the tram, he decided to try on a newly stolen necklace. Of course, he needed a reflective surface to see how he looked. So, he looked directly in the lens of the tram's security camera, and provided a great photo. - AND

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