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Mortgage Rates Hold Low Levels

The Fed announcement last week about an expansion of the mortgage-backed securities (MBS) purchase program pushed mortgage rates down to the lowest levels in decades, according to the weekly surveys from the Mortgage Bankers Association (MBA) and Freddie Mac. This week, mortgage rates move up slightly then back down again, holding the improvement, ending nearly unchanged from last Friday.

The Treasury unveiled a major new program on Monday which will establish public/private partnerships to purchase up to \$1 trillion in troubled assets from banks. The program was well received by investors, and the news produced a large rally in the stock market. Significant to the mortgage market, removing these assets from banks' balance sheets should free up room for additional investments in mortgage loans.

This week's news in the housing sector was positive for a change. February Existing Home Sales rose 5% from January. Inventories of unsold homes were at a 9.7-month supply, about the same as last month. February New Home Sales also rose 5%. The Mortgage Bankers Association (MBA) revised higher its forecast for loan originations in 2009. The MBA now expects \$2.8 trillion in mortgage originations this year, up from about \$2.0 trillion in its prior forecast. The increase was due to a projected rise in activity as a result of lower mortgage rates.

Events This Week:

- Inflation Low
- Income Fell
- Durable Orders Up
- Existing Sales Rose

Also Notable:

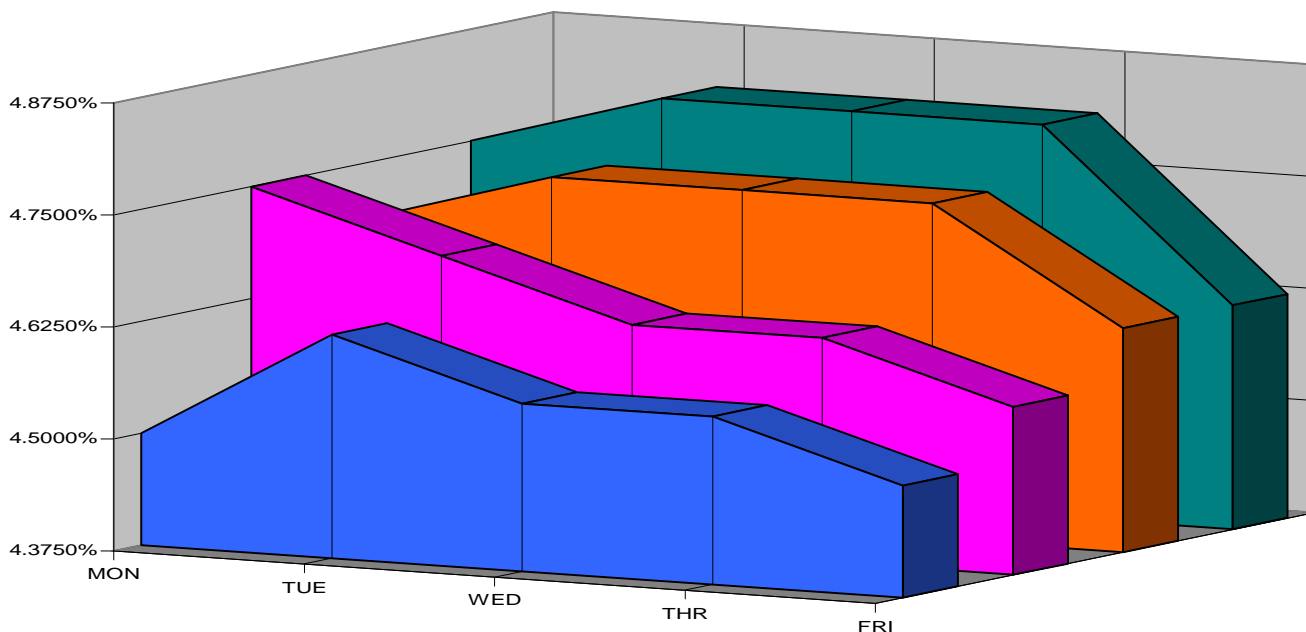
- Core PCE inflation increased at a modest 1.8% annual rate
- Continuing Jobless Claims rose to a new record high
- Foreign demand remained strong for the Treasury auctions
- The Fed purchased \$33 billion in agency MBS during the week ending 3/25

Events Next Week:

- Tues 3/31
Chicago PMI Confidence
- Wed 4/1
ISM Manuf. Pending Sales
- Fri 4/3
Employment ISM Services

DAILY POSTED RATES FROM HAWAII'S TOP LENDERS:

Fannie Mae Base Rate (30-YR-FXD)



Average 30 yr fixed rate:	
Last week:	dn 0.30%
This week:	up 0.05%

Stocks (weekly):		
Dow:	7,776.18	+497.80
NASDAQ:	1,545.20	+87.93

Above rates are the Monday-Friday daily base rates. Add-ons for low credit scores, high LTV, cash-out, or investment properties are then added to that rate. Borrowers can also "buy down" these rates by paying additional points.

Each color on the graph represents a different lender

Week Ahead

The important Employment report will come out on Friday. As usual, this data on the number of jobs, the Unemployment Rate, and wage inflation will be the most highly anticipated economic data of the month. Early estimates are for a loss of about 650K jobs in March. Before the Employment Data, the Chicago PMI and the ISM national manufacturing indexes are scheduled for Tuesday and Wednesday respectively. Pending Home Sales, a leading indicator for the housing market, also will come out on Wednesday. Factory Orders, Construction Spending, Consumer Confidence, and the ISM Service index will round out a busy week.

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