

The Housing Market Update

Full Sail Mortgage

Brought to you
by:



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President Signs 3-Month Extension of Tax Credit:

On Friday, President Obama signed a law giving home buyers three extra months of the wildly popular tax credit that gives first-time home buyers \$8,000 and previous owners \$6,500. These only apply to primary residences.

The catch? This still only applies to purchase contracts that were executed prior to the April 30th deadline. This just gives those individuals extra time to close. It does not enable today's signed contracts to qualify.

Unemployment Rate Drops:

The Unemployment Rate unexpectedly dropped from 9.7% to 9.5% in June. The very closely watched Non-Farm Payrolls grew 42,000 after stripping away the temporary Census workers hired by our government.

Even though the headline Unemployment Rate dropped, the financial markets did not welcome the news. The private sector just barely held its head above water with very small job growth. Many economists and traders believe the number was skewed lower by a large number of people no longer looking work. Remember, the Unemployment Rate is a survey of those that are actively looking for work and can't find it.

What Happened to Rates Last Week:



Mortgage backed securities (MBS) gained +42 basis points last week which caused 30 year fixed rates to decrease for both government and conventional loans. Rate declined on fears of a U.S.

double-dip recession. Economic concerns help to push investors towards purchasing MBS as a way to earn low yields in exchange for safety that you cannot find in the stock markets.

What to Watch Out For This Week:

The following are the major economic reports that will hit the market this week. They each have the ability to affect the pricing of Mortgage Backed Securities and therefore, interest rates for Government and Conventional mortgages. I will be watching these reports closely for you and let you know if there are any big surprises:

Date	ET	Release	For
6-Jul	10:00	ISM Services	Jun
7-Jul	10:30	Crude Inventories	3-Jul
8-Jul	8:30	Continuing Claims	26-Jun
8-Jul	8:30	Initial Claims	3-Jul
8-Jul	15:00	Consumer Credit	May
9-Jul	10:00	Wholesale Inventories	May

It is virtually impossible for you to keep track of what is going on with the economy and other events that can impact the housing and mortgage markets. Just leave it to me, I monitor the live trading of Mortgage Backed Securities which are the only thing government and conventional mortgage rates are based upon.



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