

payroll data reflect some improvement. The rate of job cuts has lessened dramatically when you consider that 741,000 jobs were shed in January alone. It's also worth noting that new claims for unemployment benefits decreased by 20,000 to 512,000 in the week ended October 31, the lowest level since January 3. And if you happen to be the-cup-is-half-full type, you can take additional solace in knowing employment figures are lagging, not leading, indicators.

Economic Indicator	Release Date and Time	Consensus Estimate	Analysis
Mortgage Applications	Thurs, Nov. 12, 7:00 am, et	None	Important. Activity should pick up on lower rates and extension of the federal homebuyer's tax credit.
International Trade (September)	Fri, Nov. 13, 8:30 am, et	\$31.5 Billion (Deficit)	Moderately Important. The deficit is expanding (modestly) on higher oil prices.
Import Prices (October)	Fri, Nov. 13, 8:30 am, et	0.5% (Increase)	Important. Recent increases are posing evidence that the weak dollar is increasing inflation pressures .
Consumer Sentiment (November)	Fri, Nov. 13, 10:00 am, et	72 Index	Moderately Important. Sentiment generally mirrors the latest news, which has been trending positively.

Continued Affordability....At Least for the Time Being

Should we backpedal on our expectation for mortgage rates to rise, given the Federal Reserve's desire to keep lending rates low? For the immediate future, yes, though we still doubt they will go much lower. After all, there is a risk to lending, so investors demand a minimum return on their investment, and we think rates are at or close to that minimum return. Longer term (three months out), we remain convinced of the prospect for higher inflation: Gold is trading near \$1,100 an ounce, hard commodity prices have surged, oil prices have doubled in the past seven months, and the spread between the 10-year Treasury note and the TIPs (a variable-rate Treasury security) has narrowed.

We have to admit, though, that the window for borrowers to act has likely widened, but that doesn't mean potential homebuyers should play the mortgage-rate waiting game. We can't forget the other half of the equation – home prices, which should get a boost from the homebuyer credit extension. Moreover, these credits are chasing a dwindling supply of homes. According to data compiled by Web-based real estate brokerage ZipRealty, listings of single-family homes and condominiums declined an average 2.8% across 27 major metropolitan markets in October. ZipRealty also noted that national inventory has declined month-over-month for 16 straight months to the point where there are now 28% fewer homes for sale than there were in October 2008.

In short, the stars remain aligned for refinancers and homebuyers to act today, but

we don't expect them to stay aligned far into tomorrow.



This Mortgage Matters compliments of

Sam Suznevich

253-863-1113

Nikki Rosdahl, Assistant

sam@sumnerhomemortgage.com

nikki@sumnerhomemortgage.com

www.sumnerhomemortgage.com



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