

MORTGAGE MARKET IN REVIEW

HOMETOWN AMERICA
INCORPORATED

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Market Comment

Mortgage bond prices finished the week lower which put a little upward pressure on rates. Rates were steady the first portion of the week. Factory orders fell 0.5% as expected. Most of the negative movement came Thursday and Friday as inflation fears on the producer side were ignited. The producer price index rose 0.6% versus an expected 0.3% increase. The core, which excludes volatile food and energy prices, rose 0.3%. Analysts expected a 0.2% increase. Consumer prices rose 0.4% versus the expected 0.3% increase. However, the core rose 0.1% versus the expected 0.2% increase. Consumer sentiment was lower than expected but did not move things much as stocks were strong Friday morning. Mortgage interest rates finished the week worse by 1/8 of a discount point.

LOOKING AHEAD

Economic Indicator	Release Date & Time	Consensus Estimate	Analysis
Industrial Production	Tuesday, April 16, 9:15 am, et	Up 0.2%	Important. A measure of manufacturing sector strength. A lower than expected increase may lead to lower rates.
Capacity Utilization	Tuesday, April 16, 9:15 am, et	78.6%	Important. A figure above 85% is viewed as inflationary. Weaker figure may lead to lower rates.
Housing Starts	Wednesday, April 17, 8:30 am, et	1170K	Important. A measure of housing sector strength. Weakness may lead to lower rates.
Fed "Beige Book"	Wednesday, April 17, 2:00 pm, et	None	Important. This Fed report details current economic conditions across the US. Signs of weakness may lead to lower rates.
Retail Sales	Thursday, April 18, 8:30 am, et	Up 0.4%	Important. A measure of consumer demand. A smaller than expected increase may lead to lower mortgage rates.
Weekly Jobless Claims	Thursday, April 18, 8:30 am, et	200K	Important. An indication of employment. Higher claims may result in lower rates.

Philadelphia Fed Survey	Thursday, April 18, 10:00 am, et	15	Moderately important. A survey of business conditions in the Northeast. Weakness may lead to lower rates.
Business Inventories	Thursday, April 18, 10:00 am, et	Up 0.6%	Low importance. An indication of stored-up capacity. A significantly larger increase may lead to lower rates.
Leading Economic Indicators	Thursday, April 18, 10:00 am, et	Up 0.2%	Important. An indication of future economic activity. A smaller increase may lead to lower rates.

Business Inventories

The report on business inventories gives a broader look at the durable goods, factory orders, and retail sales reports. Not only is this report an important part of the investment component of the GDP, but it also provides additional evidence about the economy in the upcoming months. Changes in business inventories slow as the economy approaches a peak and rise as the economy approaches the trough of a recession. Therefore, the change in business inventories is a leading indicator of GDP. The data for this report, which are published by the Department of Commerce's Census Bureau, comes from a monthly survey of inventories, orders, and manufacturers' shipments, in addition to the merchant wholesalers and retail trade surveys.

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