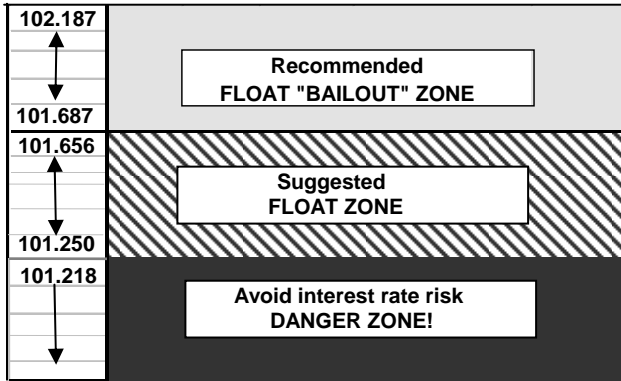


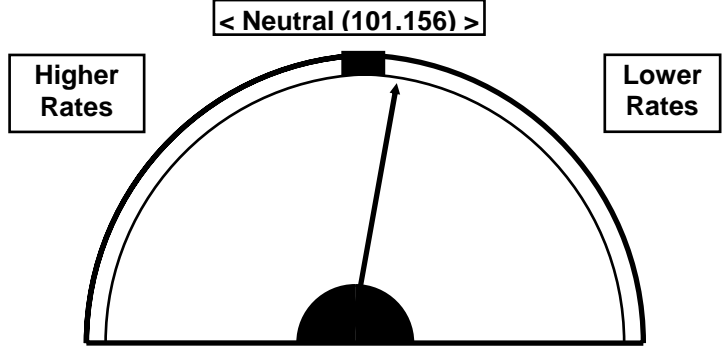
The **only** source that provides **specific** pipeline risk management **strategies** for tomorrow's market - **today!**

The following market analysis is designed for use with new risk positions created during the week of November 10th, 2008

SHORT TERM RISK MATRIX



LONG TERM TREND METER



The "Short Term Risk Matrix" is indexed to the Fannie Mae 6.0% 30-year fixed rate mortgage-backed security – **November** delivery - and is applicable for loans with **20 days or less to scheduled closing**. If the "Long Term Trend Meter" is suggesting that higher rates are ahead, I recommend that you use the "Short Term Risk Matrix" to set your long term "locks" as well. The Fannie 6.0% mortgage-backed security closed at a price of 101.281 on Friday, November 7th.

This forecast applies to loans with more **than 21 days to scheduled closing**. The Long Term Trend Meter is indexed to the Fannie Mae 6.0 % 30-year, fixed rate mortgage-backed security.

In terms of the US 10-year Treasury note, a major trend reversal to higher note rates will occur, in my opinion, if the yield rises and closes above **4.106%**.

The Economic Calendar for the week of Monday, November 10th through Monday, November 17th, 2008

Release Date & Time	Economic Indicator	Consensus Estimate	Analysis
Mon. Nov. 10, 1:00 p.m. ET	Treasury auctions \$25 billion of 3-year notes		This will be the first leg of a three-part borrowing Uncle Sam will engage in this week. By the time Friday rolls around, Uncle Sam will have tapped investors for an additional \$55 billion. That's a record amount for November – well above last year's \$18 billion capital need. All of this incoming supply from the government will likely make mortgage investors hesitant to push mortgage interest rates notably lower.
Mon. Nov. 10, 2:00 p.m. ET	The mortgage market will close early for the Veteran's Day Holiday		
Tue. Nov. 11	The mortgage market is closed today for the Veteran's Day Holiday		
Wed. Nov. 12, 1:00 a.m. ET	Treasury auctions \$20 billion of 10-year notes		All of this incoming supply from the government will likely make mortgage investors hesitant to push mortgage interest rates notably lower.
Thurs. Nov. 13,	The current delivery month for most mortgage-backed securities "rolls" to December		This is a standard monthly administrative function of the mortgage market. The small price impact this event creates is already reflected on most investors' rate sheets.
Thurs. Nov. 13, 8:30 a.m. ET	Initial jobless claims for the week ended 11/8	Up 1,000	The modest expected increase for initial jobless claims will likely draw nothing more than a passing glance from mortgage investors today.
Thurs. Nov. 13, 1:00 p.m. ET	Treasury auctions \$10 billion of 30-year bonds		We might see a small "relief rally" in the bond and mortgage-backed security once the supply from Uncle Sam is out of the way. Any such rally will likely be limited in terms of price movement and duration.
Fri. Nov. 14, 8:30 a.m. ET	Oct. Retail Sales Ex. auto	-1.9% vs. last -1.2% -1.0% vs. last -0.6%	Unless they've been living under a rock – there is no one that doubts the October retail sales figures will be weak – the only question is how weak. The consensus estimate is already reflected in current mortgage prices, so it will take numbers considerably worse (a headline drop of 2.1% or more and an ex auto value showing a decline of 1.2% or more) to create much support for the prospects fractionally lower mortgage interest rates. The likelihood that the consensus estimate proves to be overly pessimistic is very small. Nonetheless a headline number showing October sales did not fall as sharply as expected will probably tend to nudge mortgage interest rates higher.
Fri. Nov. 14, 10:00 a.m. ET	Sept. Business Inventories	0.0 vs. last +0.3	This sliver of dated economic news will undoubtedly be completely overshadowed by the much more important October retail sales report that was released early today.
Mon. Nov. 17, 9:15 a.m. ET	Oct. Industrial Production & Capacity Utilization	-0.5% vs. last -2.8% 76.1 vs. last 76.4	Already released reports showing sagging factor orders and plummeting retail sales make it a virtual "given" that these two measures of manufacturing activity will be puny as well. Look for this data to have little, if any noticeable impact on the trend trajectory of mortgage interest rates today.

Market Commentary: As you can readily see, the coming week's calendar is dominated by the Treasury auctions.

Since September 2007, the Fed has slashed short-term interest rates by 425 basis-points and pumped over \$1 trillion of liquidity into the financial system – and they are just getting warmed up. Analysts expect some \$2 trillion dollars of new debt to be issued over

the next twelve months as the government funds rescues for banks, insurers, automakers and perhaps even homeowners. This unavoidable huge overhang of new incoming supply will tend to trump other more mortgage interest rate friendly macro-economic news.

Upcoming supply considerations will likely make it tough for mortgage interest rates to sustain a move to lower levels over the next week or so.