

# Market Monitor

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## Last Call (?) for Low Rate Refinances

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By now, we all know that the US Treasury and the Federal Reserve has pushed mortgage interest rates to near half century lows by purchasing MBS securities via a stimulus program that is slated to cease by the end of this month. But even with historically low interest rates in place, millions of U.S. homeowners haven't benefited from this program by refinancing their home loan because they won't (or can't) refinance.

Nationwide, around 37% of all borrowers with 30 year conforming fixed rate mortgages (who collectively hold about \$1.2 trillion of home loans) have mortgage interest rates of 6% or higher, according to investment bank Credit Suisse. Many could reduce their rates by at least a full percentage point if they refinanced at current rates. And more than half could lower their rates by at least three-quarters of a percentage point, according to Credit Suisse. However, new refinance applications in January stood near their lowest levels in the past year.

To hammer home the impact of the savings, loans that refinanced in 2009 will result in \$3.4 billion in savings for consumers this year, according to a report by First American CoreLogic, a research firm based in Santa Ana, Calif. That will return an additional \$17.2 billion in savings to borrowers over the next five years. That's money consumers can potentially use to help spur economic recovery.

There seems to be two main reasons why high rate individuals have not refinanced yet. First, they cannot qualify for a variety of reasons. The most prevalent non-qualification reason we are hearing is that there is not enough equity in their home to qualify. Of this subset, it appears a number of them are contemplating selling or downsizing their residence because of this reason. While we may not have a refinance solution for them, we can help them with their exit strategy if they so choose -> our knowledgeable Weichert Realtors can help them list and/or trade down as a potential solution to reason number one.

As for reason number two, and to be honest, many individuals who can still qualify just don't see the savings, think it will cost too much, or just don't understand the refinance process, and how it can help them save money. That solution is an easier one to attack. Your Weichert Financial Gold Services Manager can still help get those individuals off the dime, and into a better place where they can access the savings they deserve. It's not too late!

## The Week Ahead -> The "Keys"

- Quiet week as Fed winds down MBS purchases

Date	Economic Release	Prediction	Last
3/9	NFIB Small Business Opt	-	89.3
3/9	IBD/TIPP Eco Optimism	-	46.8
3/9	ABC Consumer Confidence	-48	-49
3/10	MBA Mortgage Applications	-	14.6%
3/10	BB Global Confidence	-	54.89
3/10	Wholesale Inventories	0.2%	-0.8%
3/10	Monthly Budget Statement	-\$202.0B	-\$42.6B
3/11	Trade Balance	-\$41.0B	-\$40.2B
3/11	Initial Jobless Claims	450K	469K
3/11	Continuing Claims	-	4500K
<b>3/12</b>	<b>Advance Retail Sales</b>	<b>-0.2%</b>	<b>0.5%</b>
<b>3/12</b>	<b>less Autos</b>	<b>0.1%</b>	<b>0.6%</b>
3/12	ex Autos and Gas	0.3%	0.6%
<b>3/12</b>	<b>U of Michigan Confidence</b>	<b>73.9</b>	<b>73.6</b>
3/12	Business Inventories	0.1%	-0.2%

**Secondary Marketing Takeaways:** The monthly employment report was released this morning, and in many ways was positive for the economy. Nonfarm payroll came in down 36K, which was viewed as a plus, given the consensus projections were for down 68K (and many economists quietly commented that they anticipated it to be even worse than that). Additionally, the headline employment number dropped 0.1% from 9.8% to 9.7%. Among the many comments heard in the market this AM is that firings/layoffs have reached a peak/plateau, and we are now beginning to enter "reversal mode", and that time will dictate how quickly the "hiring's come back". Also heard, and agreed, is that the massive monetary packages put in place are "finally starting to take hold and show the fruits of their labor".

From a mortgage perspective, 3 weeks until the Fed's MBS purchase program ends. It remains to be seen if/how rates will be impacted.