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Vic's Mortgage Report

"Home of Free Mortgage Consultation"



Viral (Vic) Joshi
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Loan Consultant*

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the media predictions. The lesson here is that waiting to try and get to the absolute lowest rate by one eighth of a percent fractions is ill advised as the market can run away much faster than it recovers. Taking time to get documents in when you are chasing a rate is also not a good idea. I acknowledge that life moves at a very fast pace but delaying the refinance process once you have started allows for the market to change, on a day to day basis, too fast for most people to catch up.

A number of economic barometers are starting to show that the economy may be recovering, albeit at a slow pace. Unemployment has dipped to 9.4% from 9.8% in December and practical unemployment has fallen below 17% for the first time in the last few years. When I say practical unemployment, I mean the unemployment numbers that include those who have given up looking for work. The official unemployment numbers, 9.4% currently, does not include those workers who have completely stopped looking for work. These slight improvements, including an increase in 104,000 new jobs in December, are not very impressive but they are market movers and the bond market does feel the effect which put pressure on rates and causes them to increase. Since these numbers for December include temporary work for the holidays, we could see some less positive numbers over the next few months and another slight dip in rates.

If you want to get near the historically low rates for either refinance or a purchase, you probably have another few months, say three or four months, to act. The sooner you start the process, the

more likely you will get close to these absurdly low long-term rates.

To explain how things went so wrong after the Fed announced QE2, Quantitative Easing 2, the \$600 Billion treasury bond purchase plan, we simply have to understand that by committing to purchasing these bonds, the Fed is essentially printing new money. When the Fed releases more currency into the market, the currency devalues and the cost of goods increases. This is inflation and inflation is the death of low interest rates. Even though the purchase of bonds does reduce bond yields, thereby reducing interest rates, the fear of the future inflation that this policy will cause resulted in bond traders unwinding their positions in the bond market, and this caused bond yields to increase rapidly, which directly caused interest rates to increase.

If you want to apply for a refinance with me, feel free to call me directly or go to my website, www.vicjoshi.com, and apply online. If you have any questions or need me to educate you more on how mortgage banking is working, or not working, these days, please don't hesitate to call me.

*As always, your loan guy,
Viral (Vic) Joshi*

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, viral@vicjoshi.com, so that I can put you on the mailing list.



Viral (Vic) Joshi
*Branch Manager/
Loan Consultant*

Hello Friends,
Since I am writing this update around the tenth of January, I would like to wish you all a very Happy New Year! I

apologize for not getting out a holiday card with updated pictures to all of you this year. Having a teenager makes these pictures harder to coordinate and they aren't quite as cute anymore, teenagers that is. Having turned 40 this year, I am somewhat afraid that I might break the camera if I try to get my picture taken for an updated holiday card. Lame excuses, I know, but I just wanted to make sure you all know how grateful I am to have friends and clients such as yourselves and that I do remember you all during the holidays.

The bad run on rates continued from where I left off last time and we did not have a single positive week for the bond market from the first week in November until the last week in December. Rates are finally starting to show some improvement and the bond market is trying to claw its way back to the heady days of late October. I don't think we will ever get back to that low, of close to 4% for zero points, but we might still get back to the 4.5% range for no points, which is still an amazingly low range for long term interest rates.

There were a number of clients that I had been working with who were not able to get to the lowest rates in history as the market moved contrary to all of

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