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11,000 points from almost 13,000 points one week prior.

This mass exodus from the stock market had a direct positive impact on the bond market with the all-time lowest rates hitting again on 8/4 and going even lower on 8/10. We finally hit the mythical 4% (4.15% APR) no-points rate for 30-year fixed conforming rates. Jobs continued to be an issue with unemployment barely budging off the 9.2% mark just slightly down to 9.1%. Not a good sign for the health of the economy.

All of the consumer sentiment metrics showed weak numbers, which we were able to immediately see in the stock market. As the fear of a double dip recession continued to be prevalent in the markets, interest rates continued to be the beneficiaries. Then to put more downward pressure on rates, the Federal Reserve's statements on 8/9 after their latest Open Market Committee meeting explicitly stated that the Fed would leave their target .25% overnight lending rate at the current level until mid 2013! So much for my predictions that the Fed would have to increase their target rate to combat inflation. With these types of announcements, I guess those sitting on the fence to see real estate drop further have more time to wait.

We are seeing the Treasury bond auctions met with great demand from the market even after the government's debt had been downgraded for the first time in 70 years. It looks like the markets are shrugging off the debt downgrade and still looking to the U.S.

Treasury as a safe haven for investment dollars. With the global economies, especially Europe, facing dire debt situations as well, the U.S. continues to stand strong despite our many economic problems. Not sure if this is good or bad; it feels bad to see the entire world in an economic crisis, but it sure has helped interest rates. Mortgage applications are up over 21% and banks are getting inundated with more volume than they can handle. I am running close to capacity as well, but I am still able to handle more volume so don't hesitate to contact me if you need help in refinancing. With the constant day to day volatility in the markets, I would advise people to jump on a refinance now and not wait. The last time we were close to these levels, rates started increasing and ran up 1% in less than three weeks.

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.

Vic's **Mortgage Report**

"Home of Free Mortgage Consultation"

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



Hello Friends,
These are crazy times indeed! August saw the stock market drop nearly 2,000 points in the span of a week and a half to start

the month. Coupled with that, the 30-year and 10-year treasury bonds dropped to their lowest yields in history causing interest rates to fall to their lowest levels seen in 50 years, even lower than the last low hit in November 2011.

During this time we saw single day drops in the Dow of over 600 points with single day gains of over 450 points. The bond market had days where it swung up and down by as much as 160 basis points! We saw interest rates go up and down day over day by as much as .25% on multiple occasions over the first 10 days of the month of August. Gold topped all previous records trading over \$1,700/ounce.

The economic events that predicated all of the market volatility were dramatic and constant the first ten days of August. We saw both parties in the government come to an agreement on the debt ceiling and deficit at the 11th hour on the last possible day, August 2nd. Immediately following this historic occasion, Standard & Poor announced they were downgrading the U.S. debt to AA+ from the previous AAA rating that had been in place for 70 years. This announcement spooked the stock market and we saw the Dow fall below

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