



Jay Brinkmann

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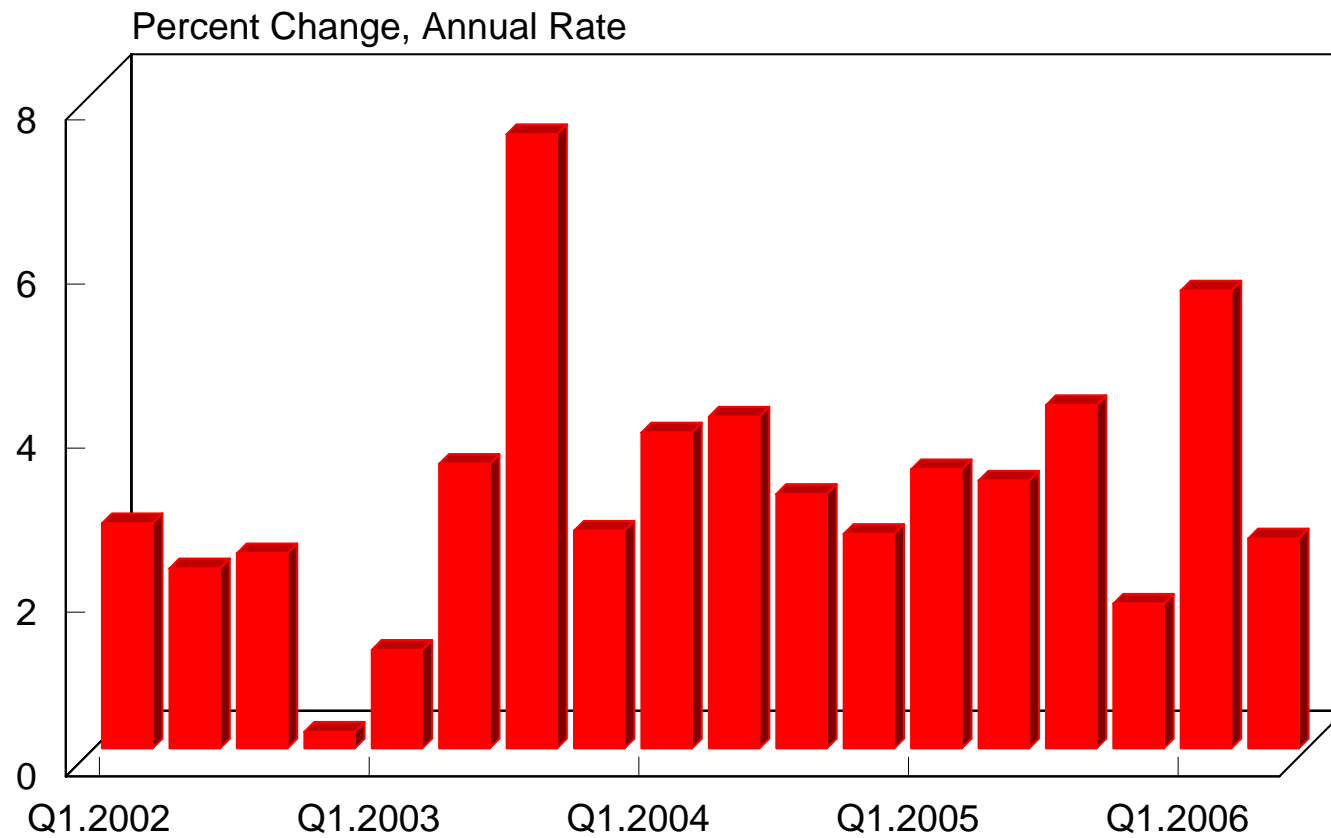


Topics

- The Economy
 - Interest rates
 - Things to worry about
-



Real GDP

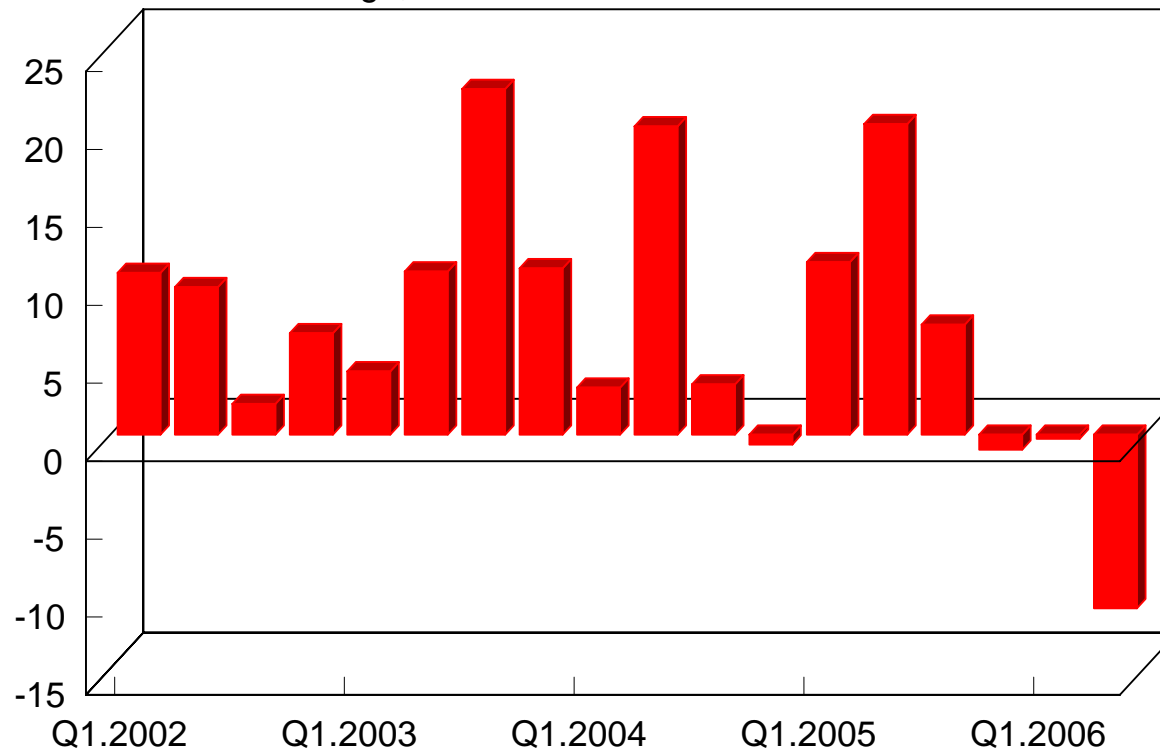




Residential Investment

Constant Dollars

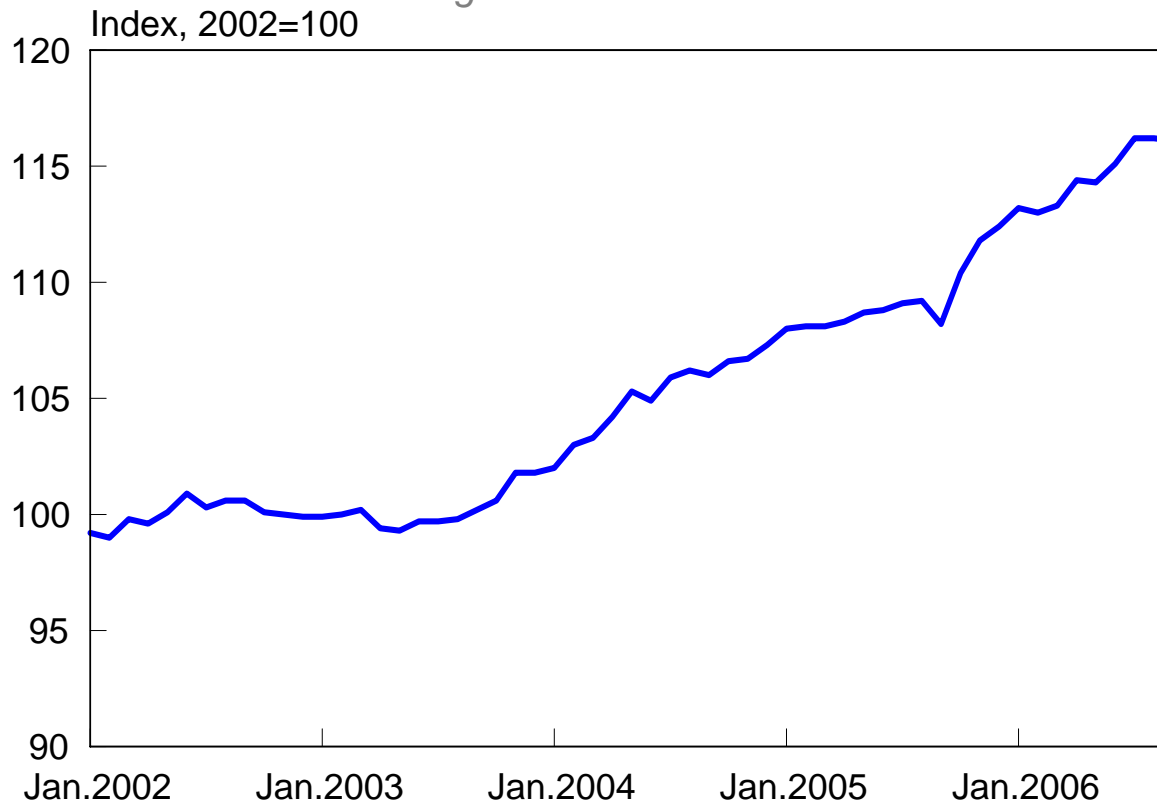
Percent Change, Annual Rate





Manufacturing Production

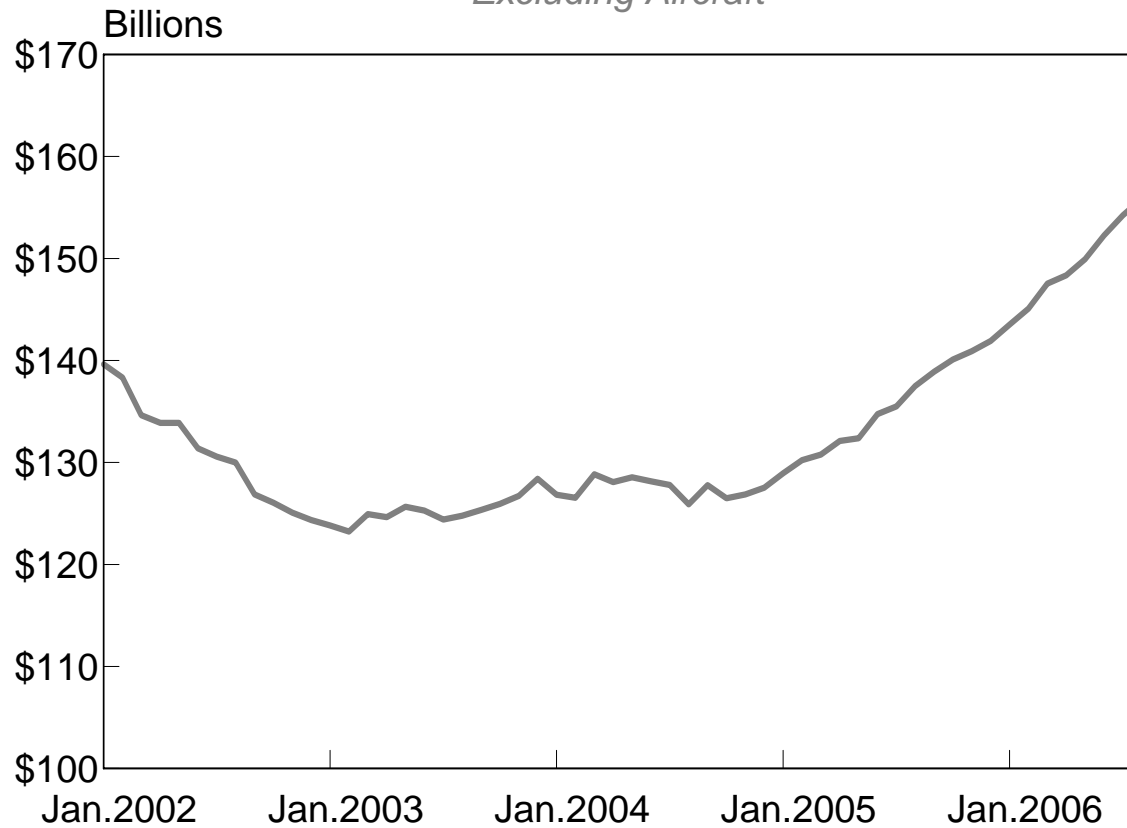
Excluding Motor Vehicles and Parts





Unfilled Orders, Capital Goods

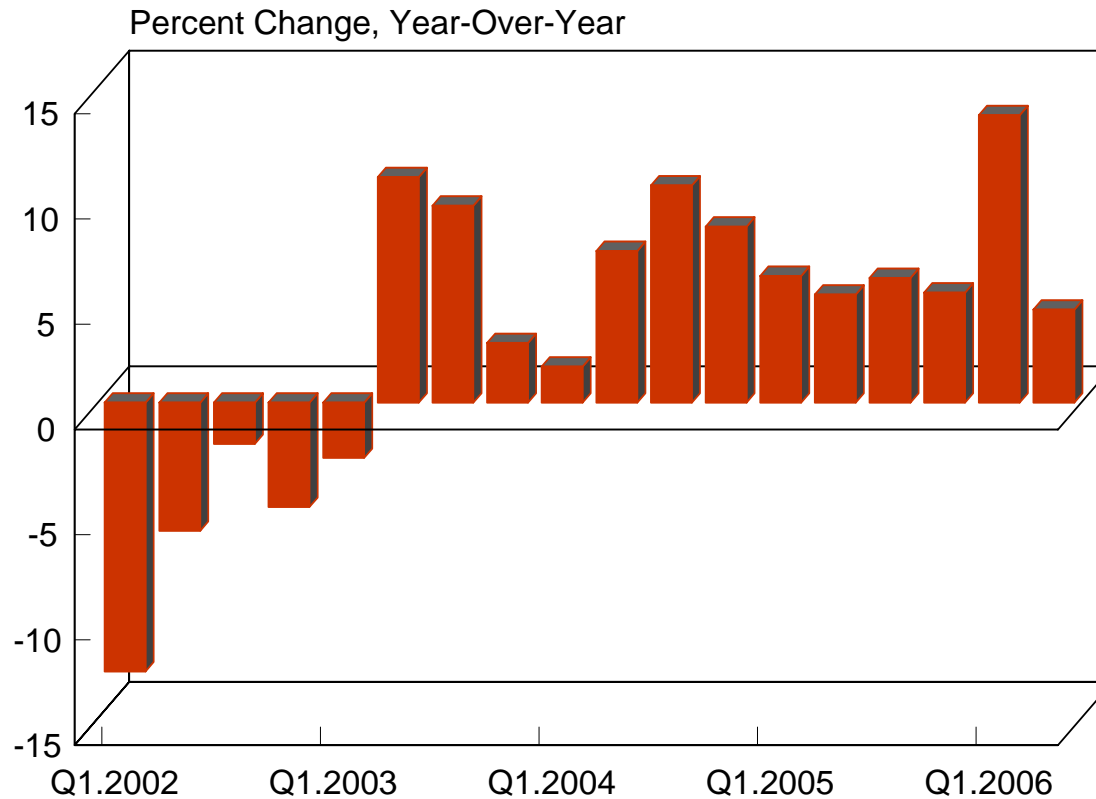
Excluding Aircraft





Business Capital Expenditures

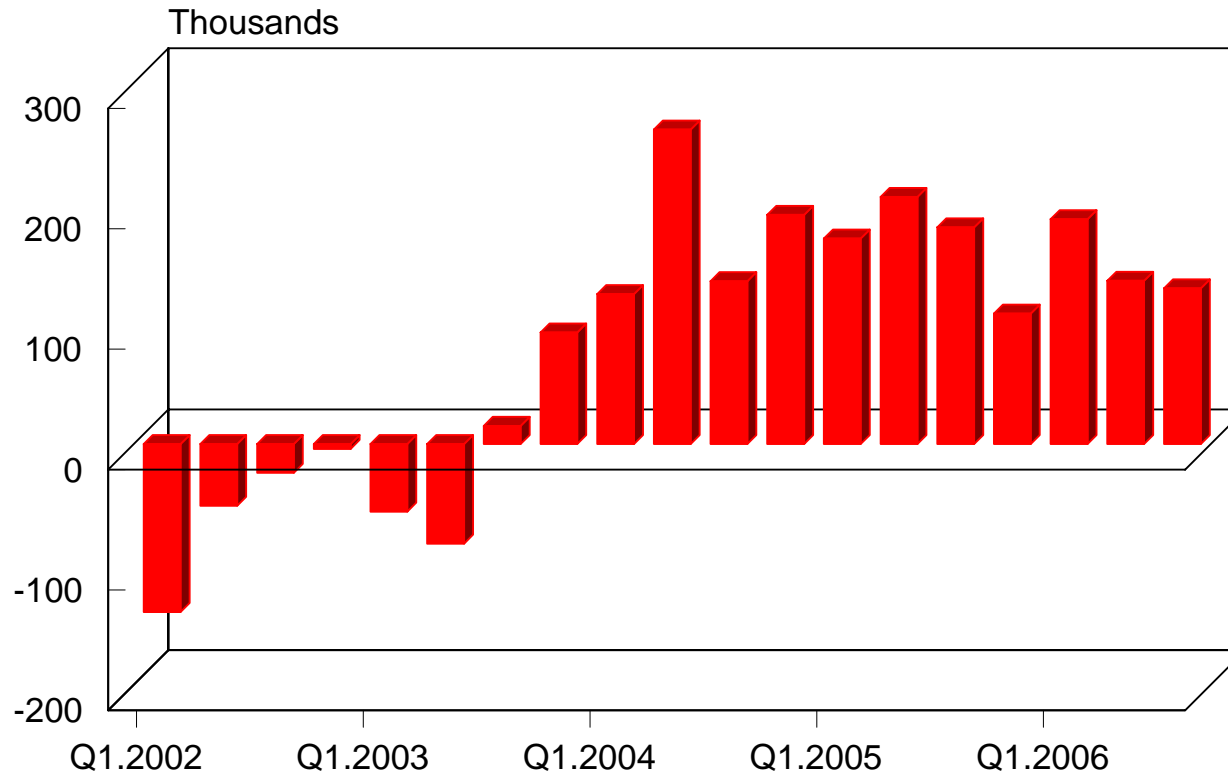
Constant Dollars





Payroll Employment

Average Monthly Change



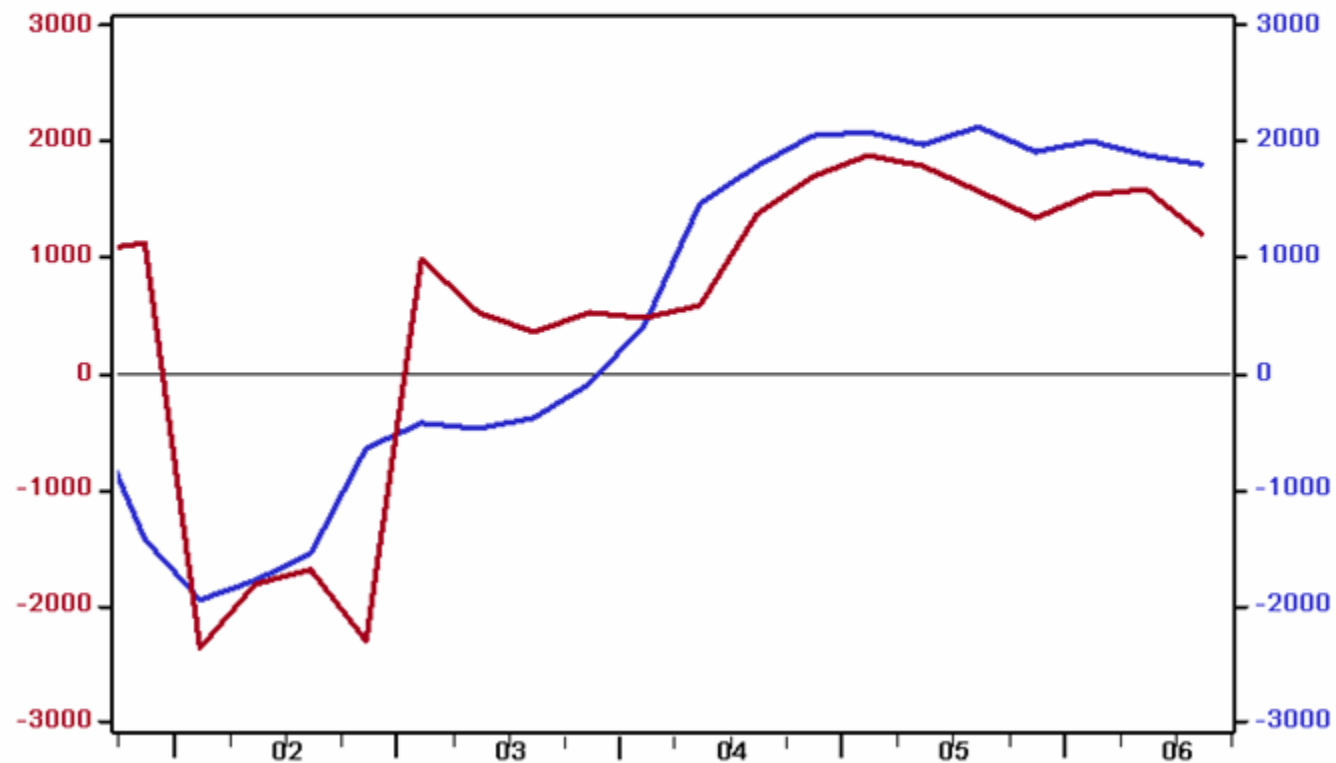


Total Number of Households

Difference - Year to Year Thous

All Employees: Total Nonfarm

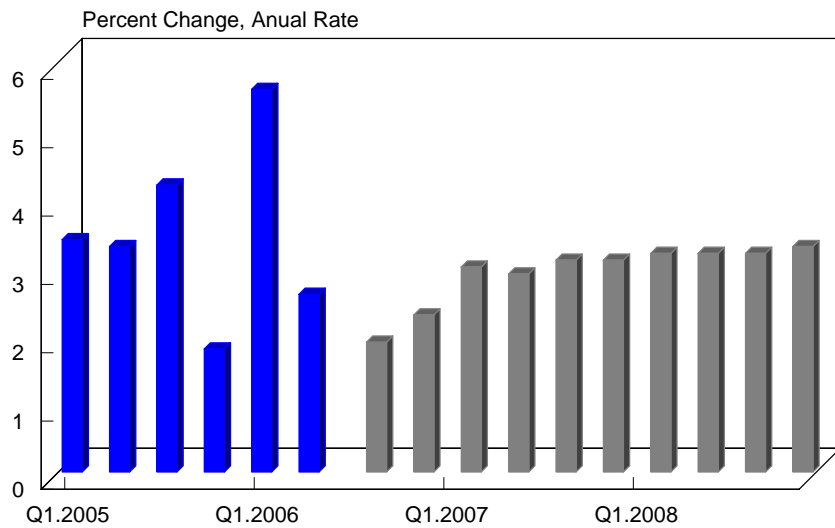
Difference - Year to Year NSA, Thous



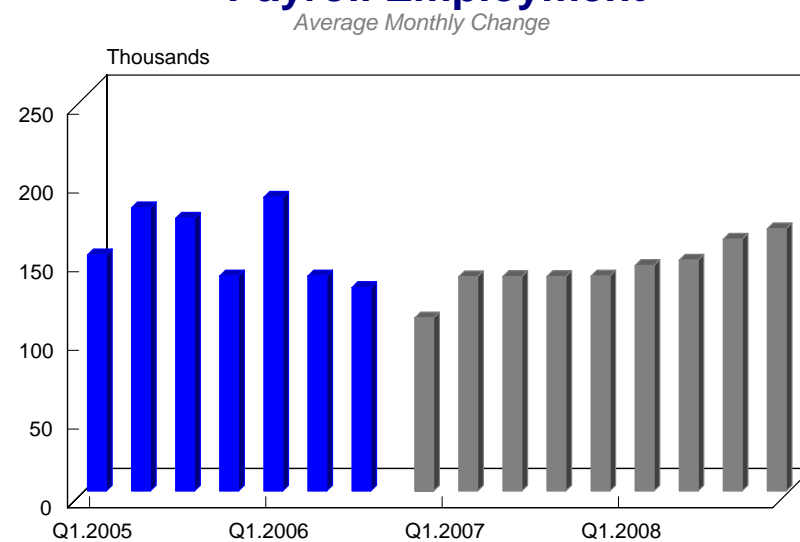
Sources: Census Bureau, Bureau of Labor Statistics



Real GDP



Payroll Employment



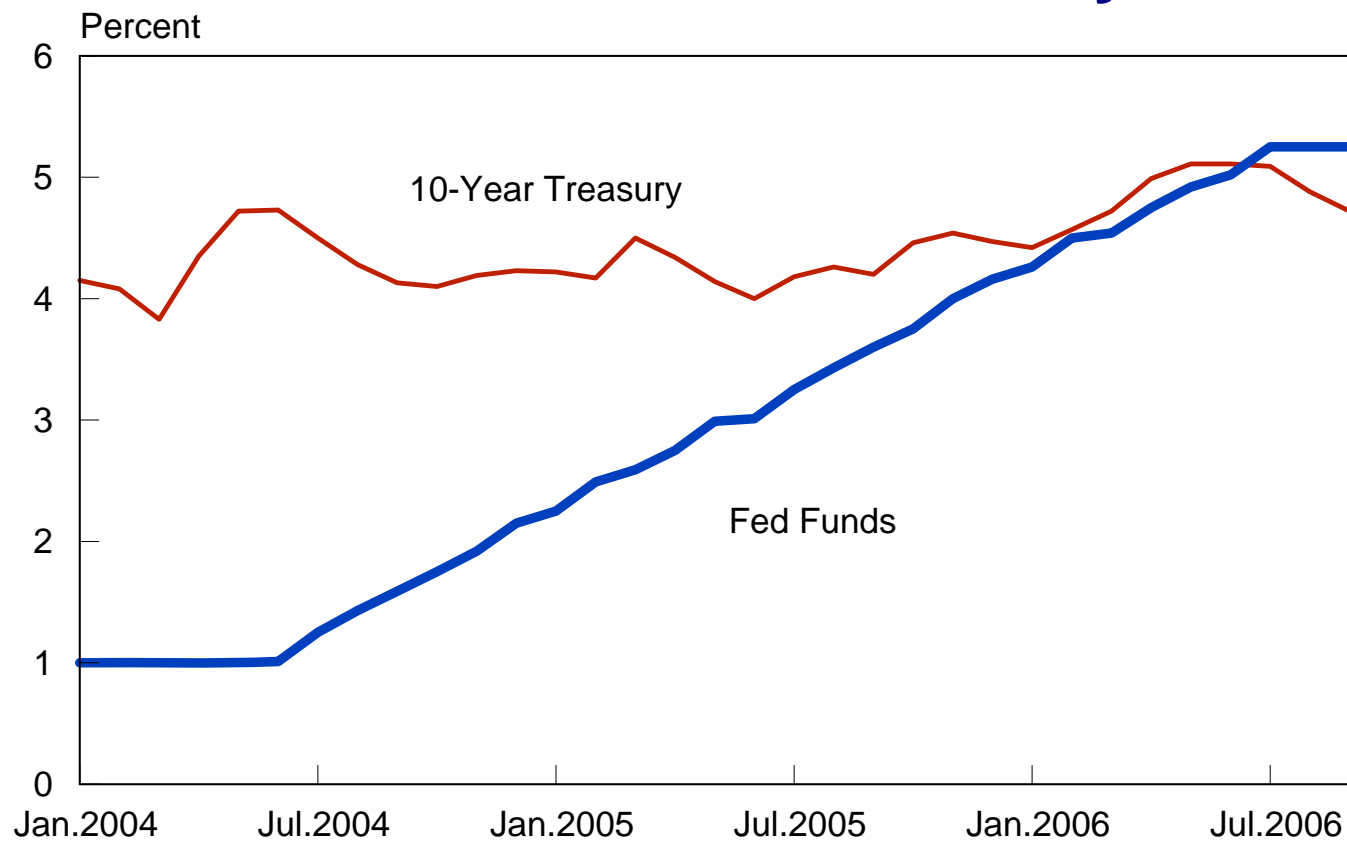


Interest Rates



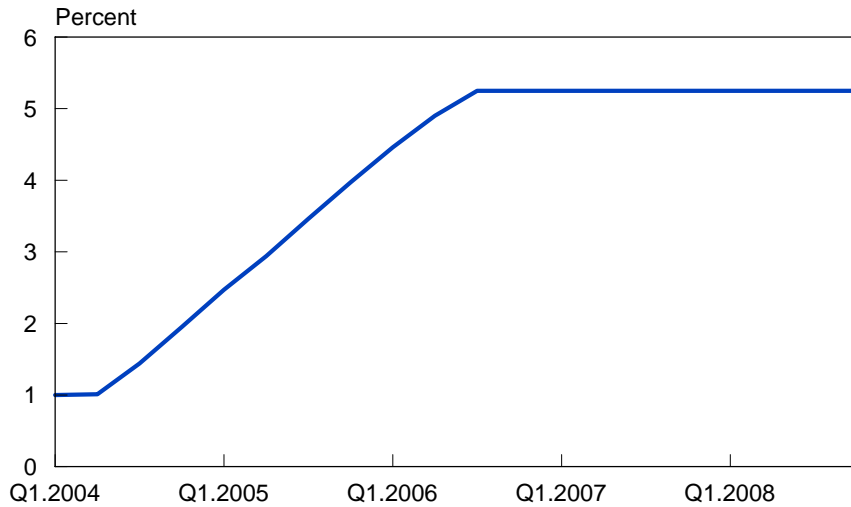


Fed Funds & 10-Yr. Treasury Rates

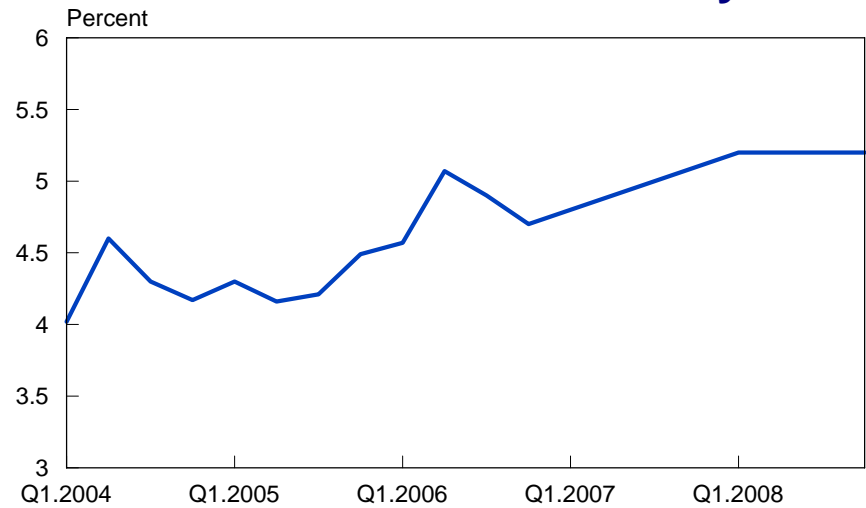




Fed Funds Rate

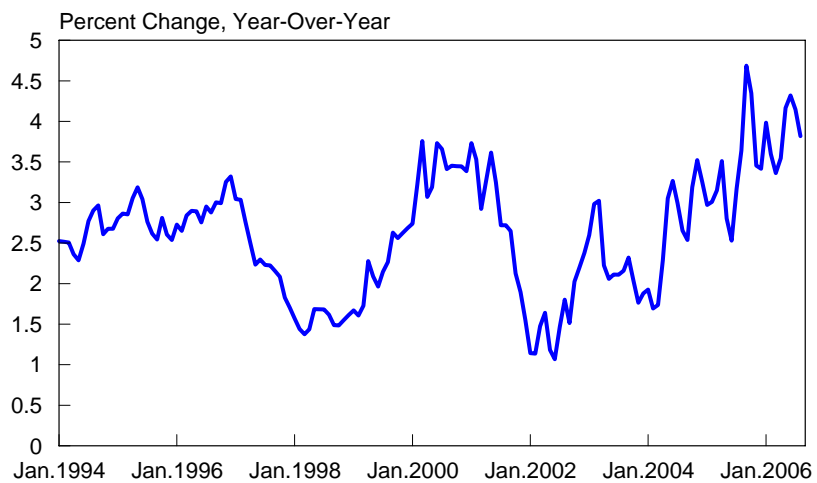


Yield on 10-Year Treasury

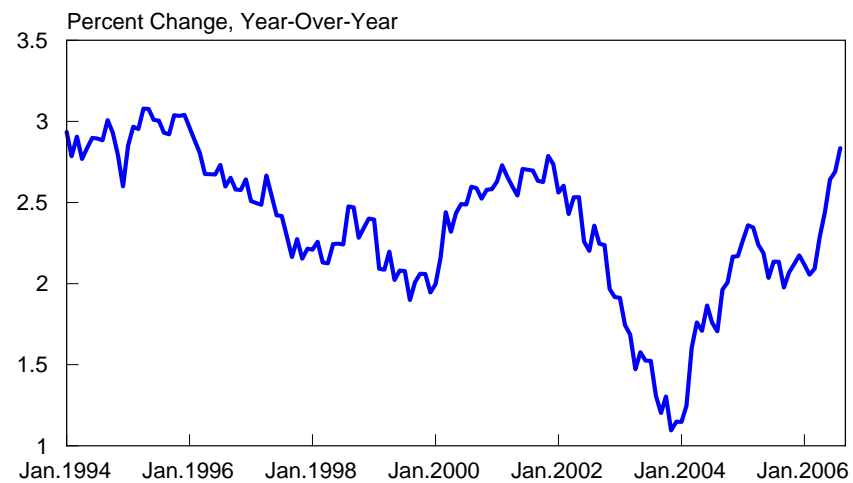




CPI



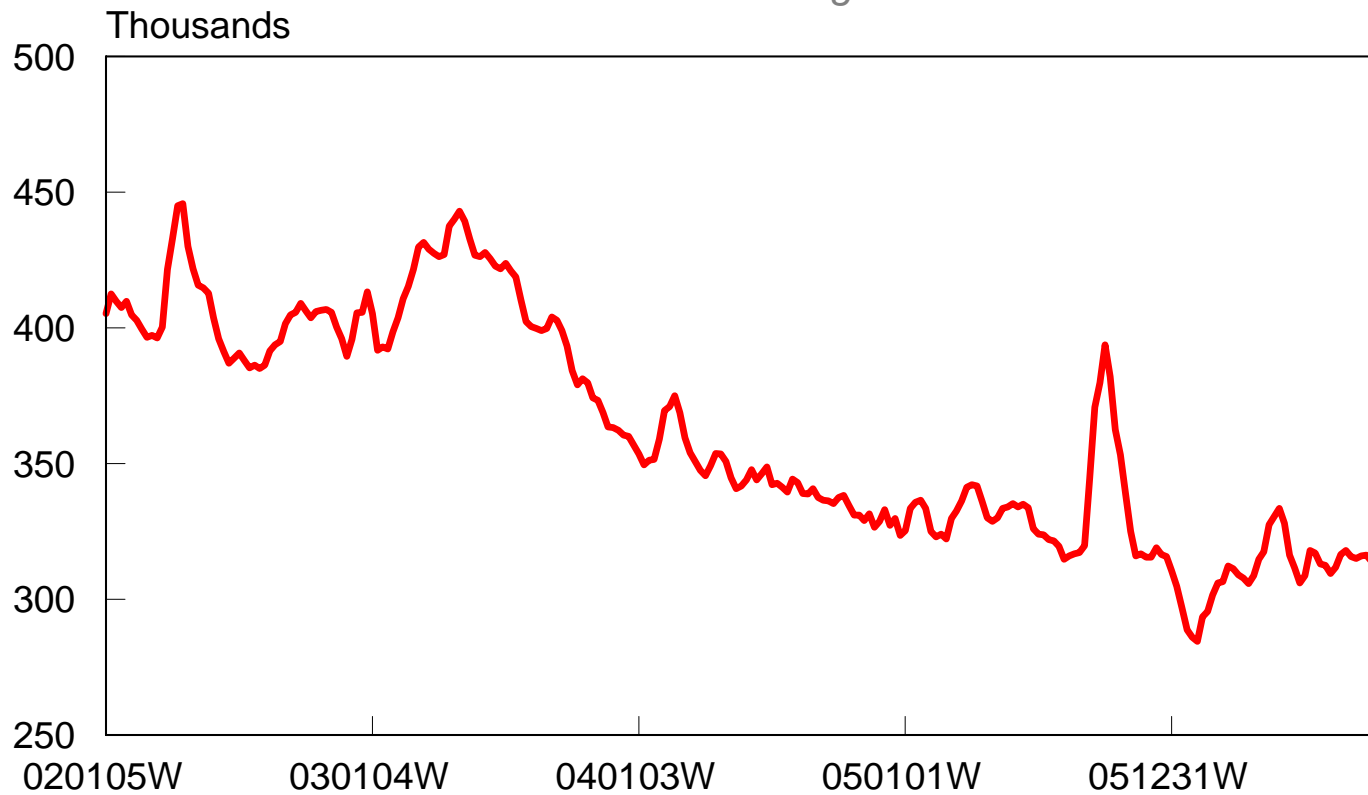
CPI Core





Initial Claims for Unemployment Insurance

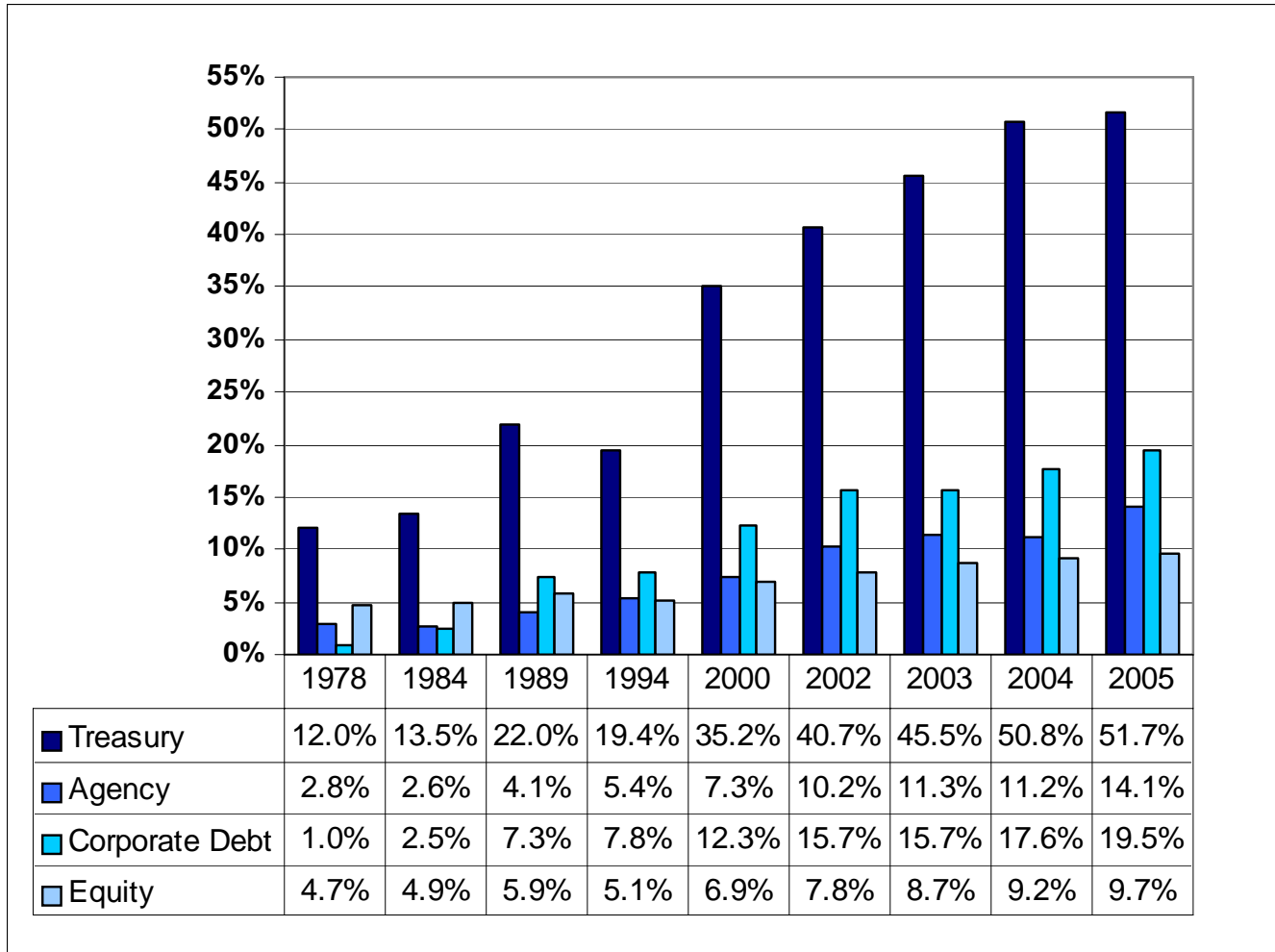
Four-Week Average



Foreign Holdings of US Securities



Percent of Total



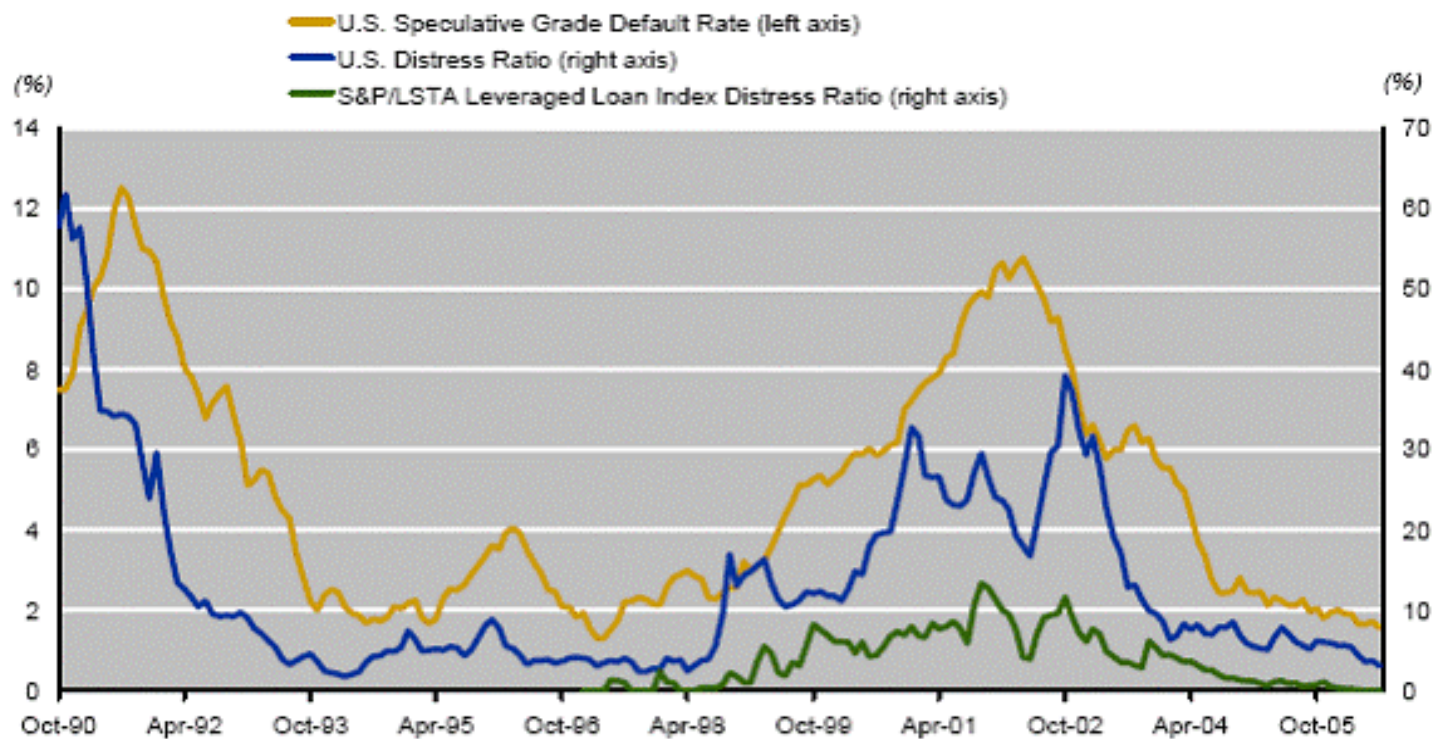
2004 to 2005 Change in Foreign Debt Holdings



(\$ billions)	Treasury	Agency		Corporate		Total
		MBS	Debt	ABS	Debt	
Japan	20	20	20	14	6	80
United Kingdom	-1	2	-2	44	19	62
Luxembourg	-5	1	2	11	32	41
Cayman Islands	-26	10	-1	31	10	24
China	88	41	16	1	19	165
Belgium	-1	-1	3	5	21	27
Canada	-3	-1	-2	5	7	6
Netherlands	-5	1	1	17	8	22
Switzerland	-4	-1	0	24	7	26
Total	63	72	37	152	129	453



U.S. Speculative-Grade Default Rate vs. Distressed Credit Ratio



Bond distress ratio is defined as the number of speculative-grade issues with option-adjusted spreads above 1,000 bps divided by the total number of speculative-grade issues. The S&P U.S. distress ratio series begins in Oct. 2002; history prior to then is represented by the Merrill Lynch High Yield Index distress ratio. The two series display a 99.6% correlation. Loan distressed ratio is defined as the percent of performing loans trading below 80 cents on the dollar.

Source: Standard & Poor's Global Fixed Income Research; Standard & Poor's CreditPro®; Standard & Poor's LCD; Merrill Lynch.



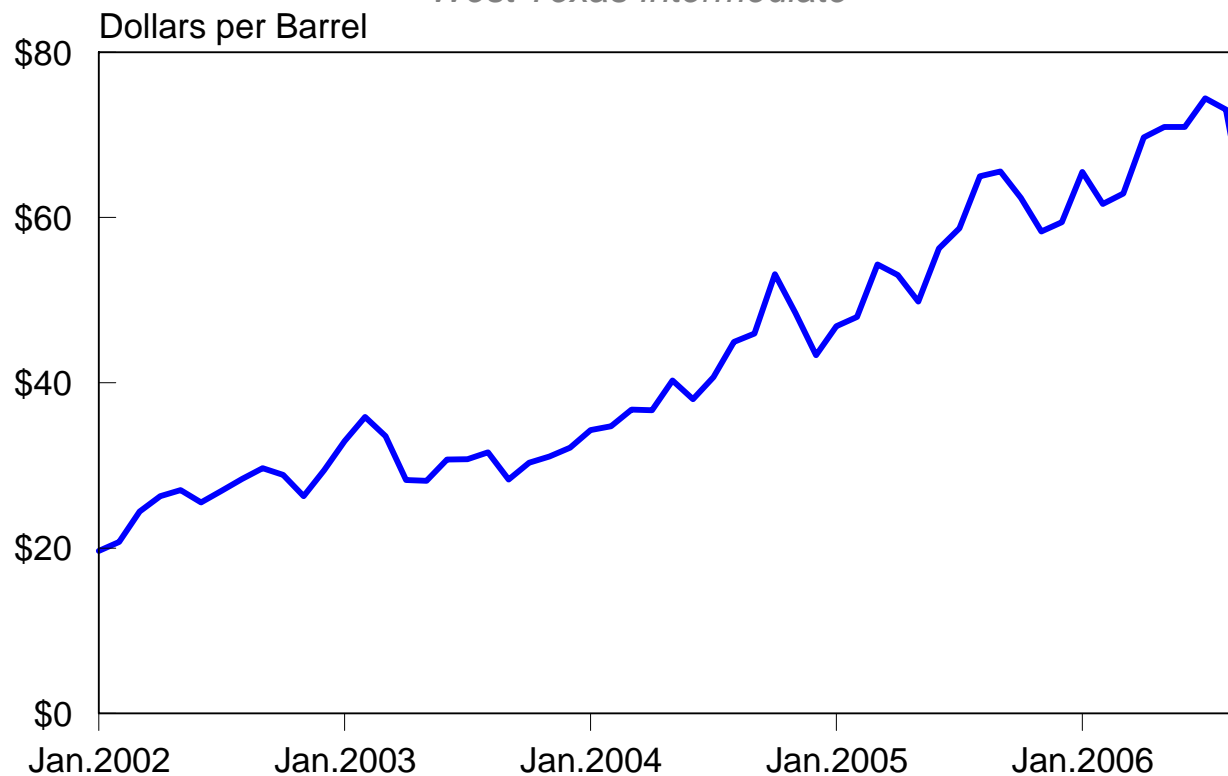
Things to worry about:

- International developments & oil prices
 - Lack of growth in Europe
 - Lack of entitlement reform in the US
-



Spot Price of Oil

West Texas Intermediate





Contact Information & MBA resources

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Research and Forecasts:

<http://www.mortgagebankers.org/ResearchandForecasts/EconomicOutlookandForecasts>

Performance Benchmarking and Research Data:

<http://www.mortgagebankers.org/ResearchandForecasts/ProductsandSurveys>

MBA Research DataNotes:

<http://www.mortgagebankers.org/ResearchandForecasts/EconomicOutlookandForecasts/DataNotes.htm>

Research Institute for Housing America:

<http://www.housingamerica.org/sitemap.html>

Home Loan Learning Center:

<http://www.homeloanlearningcenter.com/default.html>

MBA Newslink:

<http://www.mortgagebankers.org/NewsandMedia/MBANewsLink>
