



American National Bank™

Market Volatility, A Sign of the Times

After starting the year on a positive note, the markets began to backtrack on fears of economic troubles ahead. At the same time, a fresh round of geopolitical concerns pushed oil prices above \$60 a barrel. And market volatility returned with a vengeance, raising fears that a full-blown market correction could be imminent.



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recent turbulence than it did last spring. The Dow industrials plunged 3.3 percent on Feb. 27, the biggest single-day loss for the benchmark index, in percentage terms, since March 2003. And history has shown that when stocks drop by 2 percent or more on a single day after a long period of relative calm, the decline often signals the start of a new era of rising volatility.

But that market swoon never quite pushed stocks into an official correction, which is defined as a drop of 10 percent or more. Nor did the market stay rocky for long. So why do many strategists think that volatility has really returned this time around?

Of course, even if volatility climbs in coming months, as many market strategists predict, there are no guarantees the market will remain rocky for a long period. Furthermore, volatility is not necessarily bad. In fact, big movements in stock prices create buying and profit-taking opportunities.

For starters, Wall Street experienced a more severe short-term drop during the most

A Sampling of Programs and Interest Rates Available from American National Bank as of March 15th, 2007

30 Year Fixed				
	1% Origination		No Origination	
	Rate	APR*	Rate	APR*
Conforming Loan	6.250%	⁵ 6.414%	6.625%	⁵ 6.694%
Jumbo Loan	6.250%	² 6.368%	6.625%	² 6.648%

15 Year Fixed				
	1% Origination		No Origination	
	Rate	APR*	Rate	APR*
Conforming Loan	6.125%	² 6.396%	6.500%	² 6.613%
Jumbo Loan	6.000%	² 6.194%	6.500%	² 6.537%

10 Year ARM † Interest Only				
	1% Origination		No Origination	
	Rate	APR*	Rate	APR*
Conforming Loan	6.375%	⁵ 6.925%	6.375%	¹ 6.837%
Jumbo Loan	6.250%	⁸ 6.804%	6.625%	⁸ 6.954%

5 Year ARM †				
	1% Origination		No Origination	
	Rate	APR*	Rate	APR*
Conforming Loan	6.125%	⁵ 7.107%	6.875%	⁵ 7.313%
Jumbo Loan	6.000%	¹ 7.011%	6.625%	⁸ 7.164%

5 Year ARM † Interest Only				
	1% Origination		No Origination	
	Rate	APR*	Rate	APR*
Jumbo Loan	6.000%	³ 7.313%	6.625%	⁸ 7.464%

FHA/VA				
	1% Origination			
		Rate		APR*
30 Year		6.250%	¹	6.414%
15 Year		6.250%	¹	6.522%

* Annual Percentage Rate † ARM Rate is subject to change after consummation of the loan.
 Programs and rates subject to change without notice. Equal Opportunity Lender. Rates are quoted for 30 days with a 1% origination fee or with no origination fee.
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