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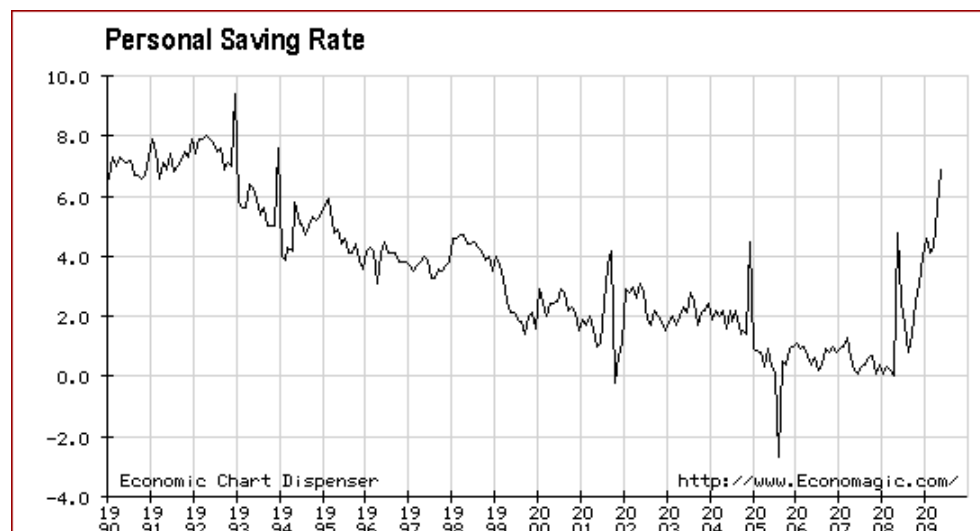
Last Week in Review ▶

They say no news is good news. But perhaps the more important question this week is will the Fed's news from their latest Federal Open Market Committee Meeting be good news for rates and the economy? Here's what you need to know.

Last week, the Fed released their Interest Rate and Policy Statement after their latest regularly-scheduled meeting of the Federal Open Market Committee. While there was speculation ahead of time that the Fed may decide to buy more longer-term Treasuries, which could jumpstart the cycle needed to eventually bring home loan rates down, the Fed did not make any changes to the Fed Funds Rate or their Bond purchase program. The one change from the prior meeting's statement was that the Fed now does not see deflation as a risk. While this is good news, it also means that there could be a real threat of inflation down the road. **And remember, inflation is bad for Bonds and home loan rates, so this could have a big impact on rates in the longer term!**

There was good news in the Personal Income Report as personal income rose in June by its biggest gain in over a year. The increase in income led to higher consumer spending and savings in June. Spending rose for the first time in three months, while the savings rate climbed to its highest level since December 1993 as the chart below shows.

Chart: Personal Savings Rate 1990 to 2009



Keep in mind that a high savings rate is a double-edged sword ... it's good to see people saving, but spending is the lifeblood of a strong economy.

The Durable Goods Report also brought good news, as did Consumer Sentiment, which was better than expected. Durable Orders came in better than expected for May, led by orders for airplanes and machinery. Although one report doesn't make a trend, the reading is encouraging and may signal that the economic slump is starting to ease.

But there was still disappointing news on the housing and job market fronts. Both New and Existing Home Sales came in below expectations and Initial Jobless Claims came in a bit worse than expected, indicating that the job market continues to be weak and slow in stabilizing.

After all the news of the week, Bonds and rates managed to break above important technical levels to end the week .25 percent better than where they began with a little help from some solid Treasury auction results.

FORGETTING SOMEONE'S NAME IS NEVER GOOD NEWS! CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW FOR SOME GREAT MEMORY IMPROVING TIPS.

Forecast for the Week ▶

A holiday-shortened week is ahead, but that doesn't mean there won't be any news. Tuesday's Consumer Confidence Report will show us how consumers are behaving based on recent economic news and may indicate if increased consumer spending is likely to continue.

There will also be important news to note in Thursday's Jobs Report for June, especially given the mix of good and bad news in May's Report. On the good side, the number of Jobs lost in May was much lower than expected. However, the unemployment rate (which is determined from a different survey) came in higher than expected.

As mentioned above, last week's Initial Jobless Claims were worse than expected, so this week's report will be interesting to see.

Remember: Weak economic news normally causes money to flow out of Stocks and into Bonds, helping Bonds and home loan rates improve, while strong economic news normally has the opposite result. As you can see in the chart below, Bonds and rates were able to break above an important level with help from the Treasury auctions. I'll be watching to see if Bonds and rates are able to remain above this level and improve further.

Both the Stock and Bond markets will be closed on Friday, July 3 for Independence Day. Have a safe holiday.

Chart: Fannie Mae 4.5% Mortgage Bond (Friday Jun 26, 2009)



[The Mortgage Market View... ▶](#)

What Was Your Name Again?

Tips for Improving Memory

Have you ever been introduced to someone, only to forget her name two seconds after you shake her hand?

Don't worry. This is NOT evidence that you're losing your mind. Turns out, it's actually an extremely common occurrence for many people. The good news is there is plenty of research on the subject and there are a number of simple, practical steps you can take to improve your memory now and long into the future.

With that in mind, here are a couple of great tips for proactively strengthening your memory:

Tip #1: Neurobic Exercise

You know all about the wonderful effects aerobic exercise has on the heart, but have you heard of neurobic exercise for the brain?

According to Lawrence Katz, co-author of *Keep Your Brain Alive: 83 Neurobic Exercises*, the best exercise for the brain is to force it to form "new patterns of association" or new pathways. In other words, challenge your brain every day. take it off autopilot and make it relearn or create new associations with the most routine activities of your day.

Katz's book offers numerous examples of small changes you can make to activate your brain, including: brushing your teeth with the other hand; taking an alternative route to work; moving your wastebasket to the other side of your desk; closing your eyes while putting your key in and unlocking the front door; and changing where you and your family members sit at the dinner table.

So if you feel like your memory might be starting to slip a bit, try some of these simple neurobic exercises today!

Tip #2: Mnemonic Drilling

There are actually three steps or stages of memorization: acquisition, consolidation, and retrieval. That means, once we acquire new information, like someone's name for instance, the way in which we consolidate that data will directly affect how well we're able to retrieve it from memory.

Whether you're a visual or auditory type of learner, there are many mnemonic devices that can help you to better organize or consolidate the new information that you need to recall.

Here's an example of simple steps that might help:

First, associate the data you want to remember with common images. For instance, let's say you meet someone named Jennifer Green. Imagine Jennifer playing golf, or picture her wearing all green clothes, or imagine her face painted completely green.

Second, think of associations you can use to help you remember this person. For instance, link Jennifer to the quality that best fits her personality (use alliteration and rhymes whenever possible): Jolly Jennifer Green.

Finally, connect sound to your memory by saying the name aloud.

Do this regularly and, before you know it, you'll never forget anyone's name again!

The Week's Economic Indicator Calendar ▶

Remember, as a general rule, weaker than expected economic data is good for rates, while positive data causes rates to rise.

Economic Calendar for the Week of June 29 - July 03

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Tue. June 30	09:45	Chicago PMI	Jun	38.5		34.9	HIGH
Tue. June 30	10:00	Consumer Confidence	Jun	55.1		54.9	Moderate
Wed. July 01	08:15	ADP National Employment Report	Jun	-363K		-532K	HIGH
Wed. July 01	10:00	ISM Index	Jun	44.0		42.8	HIGH
Wed. July 01	10:30	Crude Inventories	6/26	NA		-3.87M	Moderate
Thu. July 02	08:30	Non-farm Payrolls	Jun	-370K		-345K	HIGH
Thu. July 02	08:30	Hourly Earnings	Jun	0.2%		0.1%	HIGH
Thu. July 02	08:30	Average Work Week	Jun	33.1		33.1	HIGH
Thu. July 02	08:30	Jobless Claims (Initial)	6/27	NA		627K	Moderate
Thu. July 02	08:30	Unemployment Rate	Jun	9.6%		9.4%	HIGH

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