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For the week of Jul 02, 2007 --- Vol. 5, Issue 27

Last Week in Review ▶

"I HAVE NEVER DEVELOPED INDIGESTION FROM EATING MY OWN WORDS." *Winston Churchill* In last week's issue we wondered...would Thursday's Fed Policy Statement on the economy and inflation line up with Friday's "morning after" release of the inflation-measuring Personal Consumption Expenditure (PCE) Index? Would the Fed look smart, or be served up a hearty helping of their own words to eat?

In true form, the Fed chose their words very carefully, saying that inflation had improved modestly, but that a "sustained moderation...has yet to be convincingly demonstrated." But it's their job to be on guard against inflation - so no real surprises there. But on Friday, along came the PCE Index with some hard data on inflation - and it showed that the current year-over-year pace of inflation is down to a friendly 1.9%. Not bad, and within the Fed's desired range of 1 - 2%. So everyone was reasonably happy, no word-eating was required for the Fed, and **home loan rates improved about .125% on the week overall.**

HOW DO YOU SPELL RELIEF? KNOWING THAT YOUR HARD-EARNED AIRLINE MILES HAVEN'T EXPIRED BEFORE YOU CAN USE THEM. READ THIS WEEK'S MORTGAGE MARKET VIEW TO AVOID A CASE OF EXPIRATION INDIGESTION.

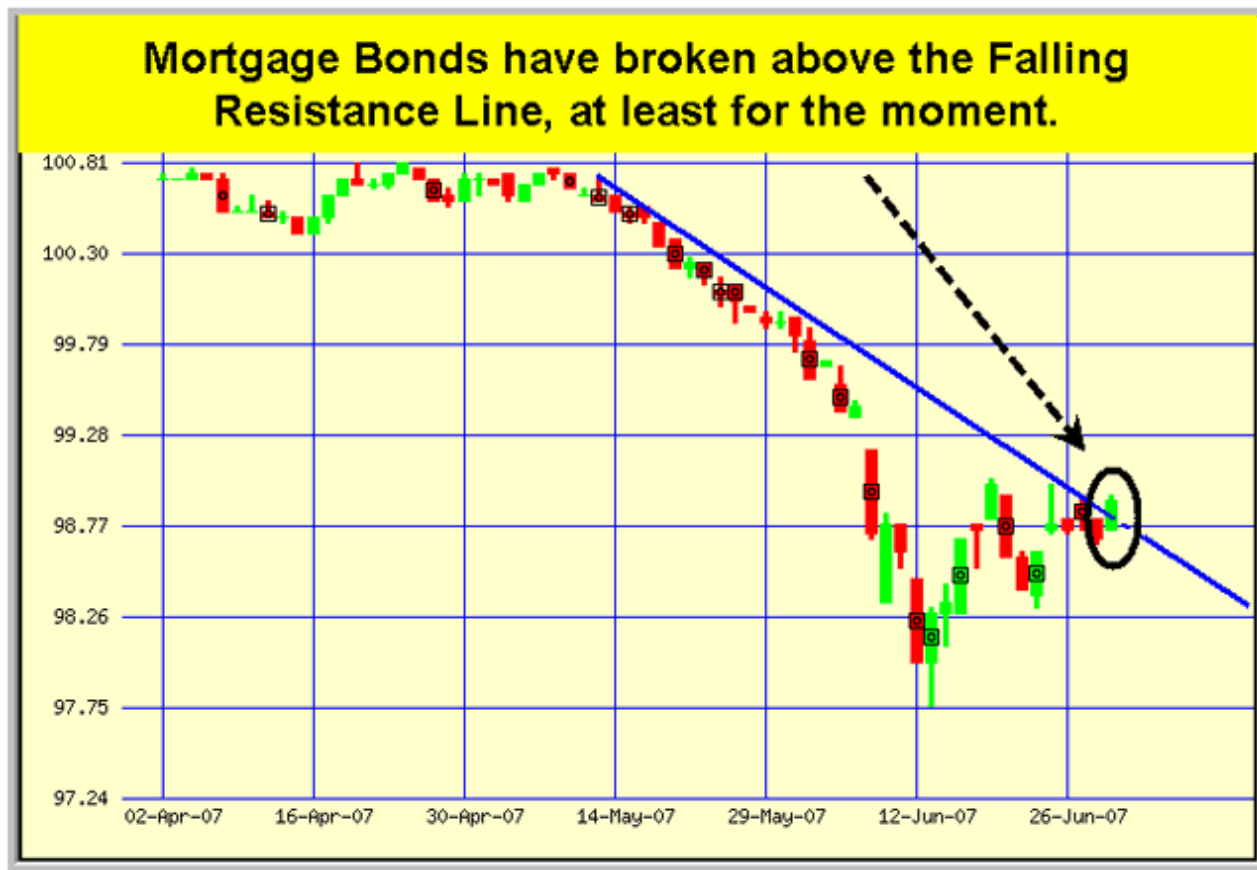
Forecast for the Week ▶

After last week's full calendar of high impact economic reports, the schedule tones down just a bit in the week ahead...but that doesn't mean there aren't going to be any fireworks! The volume of Bonds traded this week may be lean with the Independence Day holiday happening midweek - and low trading volume tends to mean extra volatility. Plus, Friday brings the monthly Jobs Report, which could also prove to be explosive.

Remembering that when Bonds move higher, home loan rates move lower - you can see in the chart below that Bonds are in a real fire-fight to move above the overhead line of technical resistance, which would help home loan rates improve.

What happens next all depends on the tone of the news and trading...but Bonds are making a valiant effort to improve. **If this week's news is Bond-friendly, we might just see Bonds and home loan rates jump off the negative trend they've seen of late, and enjoy a spark of improvement ahead.**

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Jun 29, 2007)



The Mortgage Market View... ▶

YOU'RE EXPIRED!

Summer travel season is here...and many would-be travelers have saved for months - or even years - to have enough airline frequent flyer miles to use towards a special summer vacation. But wouldn't it be awful if you called to book that tropical vacation with the full intention to cash-in on the airline miles, only to find out that those hard earned miles had expired? This is becoming more and more common, as airline carriers are cutting back travel timeframes and making it harder to cash in.

So what can you do to get the most out of your hard-earned miles?

Keep them active with a purchase - Use a few of your existing frequent flyer miles to make a purchase for something other than airfare. Want to get your hands on an iPod, send flowers to someone, get a gift card...or just indulge in a little online retail therapy? Log on to your airlines mileage website. Even a purchase as small as a newspaper or magazine subscription - using miles - will count as activity and keep your frequent flyer miles from expiring.

Complete a survey - Take a few minutes and complete a survey on www.e-miles.com. Not only will this help keep your miles active, you might even earn a few extra miles too!

Get a new credit card - Consider an airline-affiliated credit card. Use this card to charge everything from gas to clothing - this will help rack up and earn airline miles. Although many card companies cap the amount of miles you can earn each year, as long as the credit account is being used, the miles will never expire.

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 July 02 – July 06

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. July 02	10:00	ISM Index	Jun	55.0	56.0	55.0	HIGH
Thu. July 05	08:30	Jobless Claims (Initial)	6/30	315K		313K	Moderate
Thu. July 05	10:00	ISM Services Index	Jun	58.0		59.7	Moderate
Thu. July 05	10:30	Crude Inventories	6/29	NA		1562K	Moderate
Fri. July 06	08:30	Non-farm Payrolls	Jun	120K		157K	HIGH
Fri. July 06	08:30	Unemployment Rate	Jun	4.5%		4.5%	HIGH
Fri. July 06	08:30	Hourly Earnings	Jun	0.3%		0.3%	HIGH
Fri. July 06	08:30	Average Work Week	Jun	33.9		33.9	HIGH

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As your trusted advisor, I am sending you the *MMG WEEKLY* because I am committed to keeping you updated on the economic events that impact interest rates and how they may affect you.

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