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For the week of Jul 09, 2007 --- Vol. 5, Issue 28

**Last Week in Review** ▶

**WHILE INDEPENDENCE DAY SIZZLED, BONDS AND HOME LOAN RATES FIZZLED...**Just like a bottle rocket that turns out to be a "dud" - Mortgage Bonds sputtered and crashed lower last week, **causing home loan rates to rise about .125% across the board.**

The move was sparked by a variety of factors, including the Bank of England (like our Fed) announcing a hike in their benchmark interest rate to 5.75%, their highest rate in six years and .50% above our own Fed Funds Rate of 5.25%. Remember, our own US Bonds compete globally for investment dollars seeking the highest rate of return, so higher rates being offered in other countries can pull money out of our Bond market. And just like a slowing demand for any product would cause prices to decline - this caused Bond prices to move lower and home loan rates to rise.

Then the Jobs Report arrived with a bang, showing that the labor market is still hot - 132,000 new jobs were created in June, with another 75,000 jobs added to prior month's reports, and the Unemployment Rate remained at a lean 4.5%. This healthy report gives the Fed continued reason to be concerned over "wage-based inflation". This means that as employees are paid more - they have more money to spend on goods and services, which can drive prices of consumer products higher with the added demand. Additionally - employers that have to continually pay higher wages to their employees may have to raise the prices of their own goods and services, just to help retain their profit margins. This very real inflationary concern will keep the idea of a Fed rate cut on the back burner for now - and these concerns also drove inflation-hating Bonds lower still, again causing home loan rates to rise.

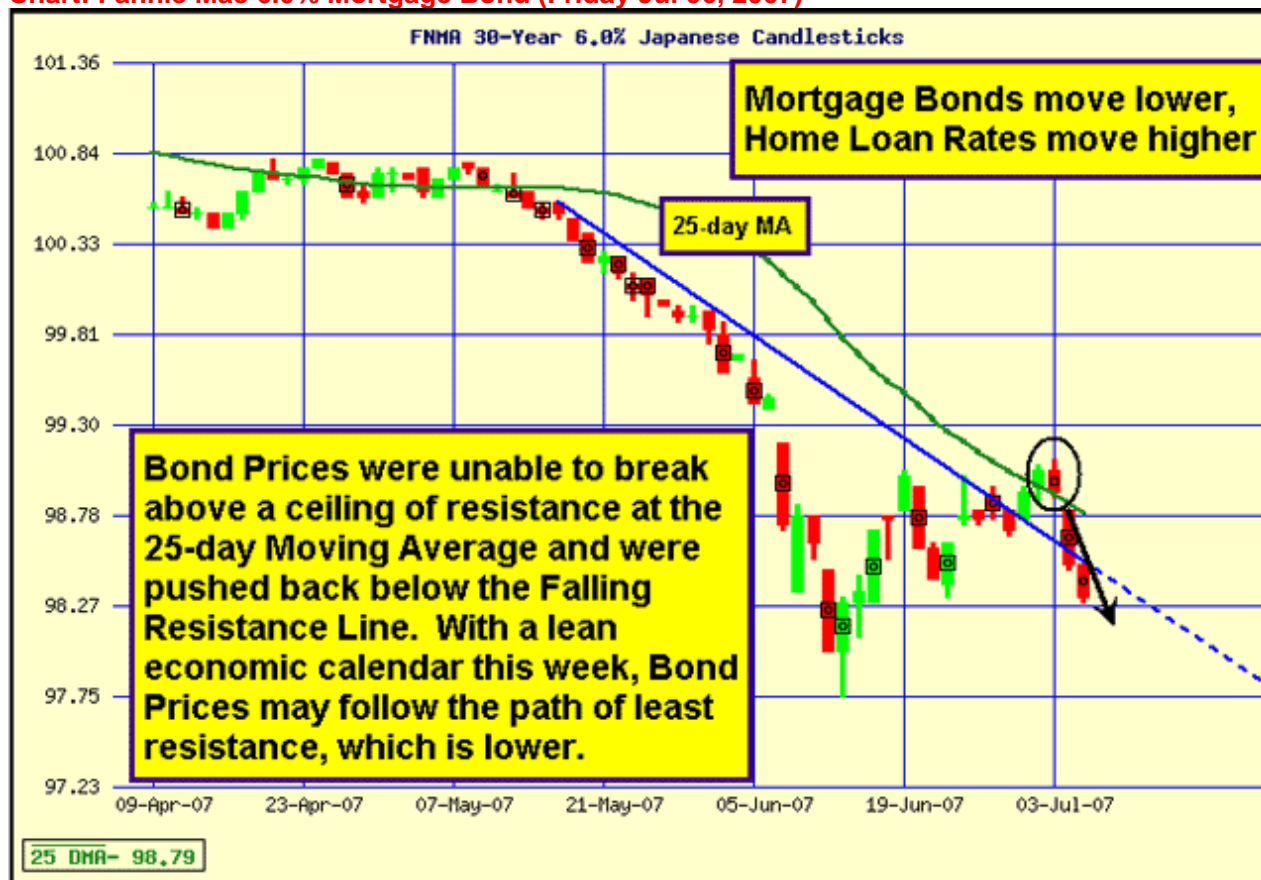
**ALTHOUGH THE MID-WEEK HOLIDAY DIDN'T GIVE BONDS MUCH OF A BREAK - MANY AMERICANS TOOK THE OPPORTUNITY TO ENJOY TIME WITH FAMILY FOR INDEPENDENCE DAY. BUT IF YOU'RE ONE OF THE MANY AMERICANS FEELING CONCERN OVER YOUR ELDERLY PARENTS REMAINING INDEPENDENT - YOU WON'T WANT TO MISS THIS WEEK'S MORTGAGE MARKET VIEW.**

**Forecast for the Week** ▶

The week ahead is bound to be interesting - there are very few economic reports coming that have the potential to be market movers, so until Friday's Retail Sales and Consumer Sentiment numbers arrive, Bonds and home loan rates will be mainly driven by technical factors.

The chart below shows that Bonds have now been pushed back below the trendline shown in blue - and remembering that when Bond prices move lower, home loan rates move higher, it's not hard to see which direction appears to be in store. With no immediate catalyst on the horizon to help drive Bond prices higher or help them fight back above the trendline - it appears **the tone may be negative for Bonds and home loan rates in the near term.**

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Jul 06, 2007)



The Mortgage Market View... ▶

**ROLE REVERSAL**

Remember the days - back when Mom and Dad would constantly nag to bring a sweater, clean your plate, check in with a phone call when out late? Most of us couldn't wait to grow up and get out on our own - but before you know it, your role with your parents often reverses as they get older. Especially if you don't live in the same immediate vicinity as your parents, suddenly you find that YOU are the one worried when you don't get that expected phone call from them. Ironic, huh?

**But even if you are watching out for a parent from a distance - there are answers.**

First, listen carefully during even casual conversations. If a parent mentions that the house is getting harder to maintain or the stairs are too steep to climb, use this opportunity to start a conversation about alternatives such as downsizing, or perhaps having help come in once or twice a week. This may give your parent the independence that they wish to maintain, but also helps provide you both with peace of mind. The National Association of Professional Geriatric Care Managers offers this website: [www.FindaCareManager.org](http://www.FindaCareManager.org) to help find assistance in your parents' home area.

Next, try to meet their neighbors and have their contact information handy. If you are not able to reach them, a neighbor may be able to make a quick visit to their home to make sure everything is OK. Additionally, check out the site [www.eldercare.gov](http://www.eldercare.gov), which provides information about local services and resources that can help an older person live independently in their own community.

Consider giving your parent the gift of technology with the Samsung Jitterbug phone. The phone is equipped with a large easy to read numerical key pad, a dial tone (unlike a regular cell phone), allows for numbers to be programmed and can be used by an individual with a hearing aid.

Sadly, identity thieves prey on the aging population. Help parents automate their finances by setting up direct deposit for their social security, pension or retirement and establish automatic payments for their monthly recurring expenses. That way, should a parent get a random phone call from a thief; they will be less likely to volunteer personal information knowing that the account is automatically paid. Also, be sure to remove your parent's phone number from telemarketers by visiting [www.donotcall.gov](http://www.donotcall.gov), and help them prevent identity theft by "opting out" of pre-approved credit offers, at [www.optoutprescreen.com](http://www.optoutprescreen.com)

And even though it may be difficult to have "the talk" - discuss the idea of meeting with an Estate Planner to make sure that everything is in order, exactly as they'd want it to be - including a will, trust, power of attorney (both general and medical). Be sure to find out where these documents are kept and confirm that all documents including insurance policies, social security cards, lists of medications, and important contact information for lawyers, attorneys, and doctors are all filed in one secure location.

**Please don't hesitate to contact me if I can help make recommendations to financial planning or estate specialists. I am happy to help in any way that I can to make sure your family is protected, and that you have peace of mind.**

### 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 09 – July 13

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Wed. July 11	10:30	Crude Inventories	7/06	NA		3151K	Moderate
Thu. July 12	08:30	Balance of Trade	May	-\$60.0B		-\$58.5B	Moderate
Thu. July 12	08:30	Jobless Claims (Initial)	7/07	315K		318K	Moderate
Fri. July 13	08:30	Retail Sales	Jun	0.3%		1.4%	HIGH
Fri. July 13	08:30	Retail Sales ex-auto	Jun	0.2%		1.3%	HIGH
Fri. July 13	10:00	Consumer Sentiment Index (UoM)	Jul	86.0		85.3	Moderate

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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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