


THE MORTGAGE MARKET GUIDE
WEEKLY
Keeping You on the Cutting Edge


Provided to you Exclusively

 By **Foster Weeks**

 Foster Weeks
 Mortgage Specialist
 Guarantee Mortgage
 Office: 415-441-5050
 Cell: 415-819-0534
 Toll Free: 888-768-5626
 E-Mail: fweeks@gmwest.com


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Last Week in Review ▶

"NO MATTER HOW FAR LIFE PUSHES YOU DOWN, NO MATTER HOW MUCH YOU HURT, YOU CAN ALWAYS BOUNCE BACK." WNBA player Sheryl Swoopes. And bouncing back is exactly what Bonds and home loan rates tried to do last week after being pushed to their worst levels of the year.

Bonds and home loan rates managed to hold fairly steady in the first half of the week, despite comments from Philadelphia Fed President Charles Plosser, who said "inflation is too high." Remember signs of inflation typically cause Bonds and home loan rates to worsen, but Plosser also stated that the Fed must "back up their words with action" and hike their benchmark Fed Funds rate. Since a hike by the Fed could lessen inflation...and as a result, cause Bonds and home loan rates to improve...Plosser's inflation comments didn't have as much of an impact on the markets as they could have otherwise.

On Thursday, Bonds managed their biggest rebound of the week after several negative economic reports, including a much higher than expected Initial Jobless Claims report and a lower than expected Existing Home Sales report for June, caused money to flow out of Stocks and into Bonds. However, there was good economic news on Friday as New Home Sales for June and Orders for Durable Goods were far better than expected and the Consumer Sentiment Index shocked the markets with a very robust reading. And good economic news about the economy is bad news for Bonds, which caused money to flow right back out of Bonds into Stocks, keeping Bonds and home loan rates from bouncing back any further.

After all the dramatic ups and downs of the week, Bonds and home loan rates ended the week slightly improved.

GAS PRICES HAVE BEGUN TO IMPROVE, BUT THEY'RE STILL MAKING A BIG IMPACT ON OUR WALLET. CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW FOR SOME

GREAT TIPS ON HOW TO MAKE YOUR GALLONS GO FURTHER.

Forecast for the Week ▶

Several reports that are scheduled for this week could determine whether Bonds and home loan rates can manage a bigger comeback than they did last week. Definitely stay tuned for the Department of Labor's big Jobs Report scheduled for Friday, which will show the number of jobs lost or gained in July. Remember: The Department of Labor averages their numbers, and part of each month's report includes "revisions" to the several prior months' numbers. A positive report could be good news for Stocks, but bad news for Bonds and home loan rates, so it will be especially important to see what numbers are posted on the "scoreboard."

Also keep an eye on Thursday's Gross Domestic Product (GDP) report from the Commerce Department. GDP is the broadest measure of economic activity...and since good economic news typically causes money to flow into Stocks and out of Bonds, this report will be important to watch. Remember when Bond prices move higher, home loan rates move lower...and vice versa. It will be important to see if this week's news can help or hinder Bonds and home loan rates in their attempt to bounce back.

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Jul 25, 2008)



The Mortgage Market View... ▶

Alleviating Pain at the Pump

Earlier this month, the New York Times ran a story noting that many gas stations are running out of the price sign number 4 due to the high cost of gas around the nation. And while gas prices have declined slightly over the last few weeks, the numbers are still putting a big dent in many people's pockets.

Here are some gas-saving tips that can help alleviate the pain at the pump:

Embrace Technology. A Global Positioning System (GPS) device can help you avoid traffic and getting lost, plan routes, and bypass construction and accidents. If you don't have a GPS, you can also get free real time traffic information at www.traffic.com. In addition, you can find links to many local resources at the Federal Highway Administration's traffic and road closure information Web site, www.fhwa.dot.gov/trafficinfo.

Go cruising. If your car has a cruise control feature, use it on highways when possible. According to tests by automotive information Web site www.Edmunds.com, cruise control decreases gas consumption by nearly 14%...except in hilly areas, where it can have the opposite affect.

Get some fresh air. If you are driving less than 50 miles per hour (mph), consider opening the windows instead of using air conditioning. Interestingly, it is more efficient to use air conditioning at higher speeds, due to the drag caused by the windows being open.

Check your speed. Fuel economy decreases around one percent for every mph over 55...and drops even quicker when you drive faster than 65 mph. Slow down where possible.

Get That Check Up. Check your car regularly to make sure your tires are properly inflated. Also, remove excess weight that's not needed from your trunk or roof.

No matter how often you're filling up your tank these days, these gas-saving strategies are a surefire way to help you stretch your gasoline even further.

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 28 – August 01

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Tue. July 29	10:00	Consumer Confidence	Jul	50.0		50.4	Moderate
Wed. July 30	08:15	ADP National Employment Report	Jul	-48K		-79K	HIGH
Wed. July 30	10:30	Crude Inventories	7/26	NA		-1558K	Moderate
Thu. July 31	08:30	Chicago PMI	Jul	49.0		49.6	HIGH
Thu. July 31	08:30	Jobless Claims (Initial)	7/26	380K		406K	Moderate
Thu. July 31	08:30	Employment Cost Index (ECI)	Q2	0.7%		0.7%	HIGH
Thu. July 31	08:30	Gross Domestic Product (GDP)	Q2	1.8%		1.0%	Moderate
Thu. July 31	08:30	GDP Chain Deflator	Q2	2.8%		2.7%	HIGH
Fri. August 01	08:30	Average Work Week	Jul	33.7		33.7	HIGH
Fri. August 01	08:30	Hourly Earnings	Jul	0.3%		0.3%	HIGH
Fri. August 01	08:30	Non-farm Payrolls	Jul	-68K		-62K	HIGH
Fri. August 01	08:30	Unemployment Rate	Jul	5.6%		5.5%	HIGH
Fri. August 01	10:00	ISM Index	Jul	85.0		50.2	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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Foster Weeks
Guarantee Mortgage
1860 Lombard St
San Francisco, CA 94123

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