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For the week of Sep 08, 2008 --- Vol. 6, Issue 37

Last Week in Review ▶

"THE BEST WAY TO APPRECIATE YOUR JOB IS TO IMAGINE YOURSELF WITHOUT ONE." Oscar Wilde. And for many Americans, job loss is not just something they are imagining - it's reality - as the Labor Department's August Jobs Report showed that the US economy has lost 605,000 jobs so far this year.

Last Friday's Jobs Report revealed several important pieces of information. In terms of job losses, the report showed that 84,000 jobs were lost in August and that the numbers for June and July were heavily revised, so that an additional 58,000 jobs were erased. But the real buzz came when the report showed that the Unemployment Rate swelled to 6.1% from 5.7%, which marks the highest Unemployment Rate since September of 2003.

And since jobs losses are bad for the economy...and bad news typically causes money to flow from Stocks into Bonds...on Friday morning, Bonds and home loan rates initially built on the improvements they made earlier in the week. However, Stocks were able to rally later on Friday, and while Bonds and home loan rates gave back some of the improvements they made, they were still able to remain above an important floor of support at their 200-day Moving Average (a moving average is the average closing price of a financial instrument over a given period of time).

So despite the worsening trend for Bonds late day Friday, home loan rates **still ended the week nearly .125 percent better than where they began.**

MAKING SMART SPENDING CHOICES IS A WISE THING TO DO IN ANY JOB MARKET! CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW FOR SOME GREAT GROCERY SPENDING TIPS!

Forecast for the Week ▶

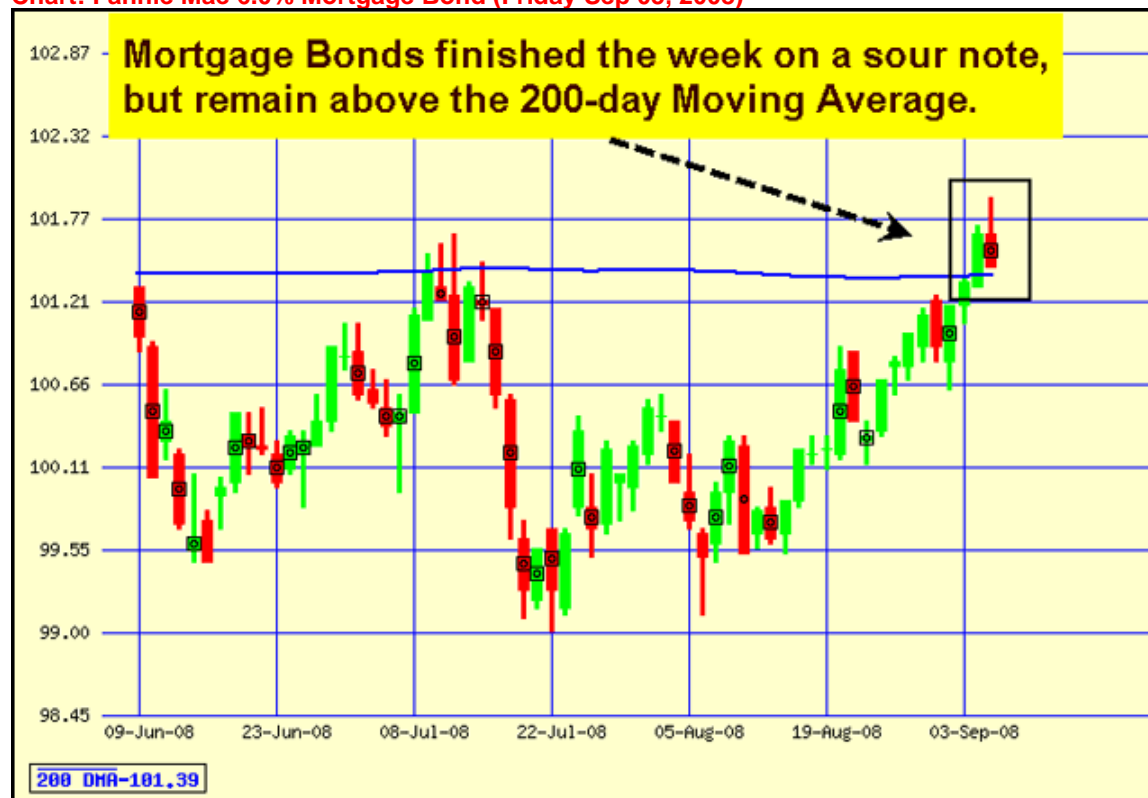
We will likely see another volatile day on Friday this week, with the delivery of two high impact reports with the potential to shake things up. Both set for release at 8:30am ET, we will see the wholesale inflation measuring Producer Price Index, as well as the Retail Sales Report. It will be important to see if the recent drop in oil prices has made an impact on either the cost to manufacture (PPI) or if it has invigorated retail purchases due to the savings in the cost to fuel vehicles.

Inflation at any level remains a strong concern, so the Producer Price Index will be of high interest to many, including the Fed. On the Retail Sales Report, remember that a strong Report would be good for the Stock market - which stands to reason, as it would indicate continued consumer confidence and dollars being poured into the economy. But stronger economic news and higher stock prices will likely worsen Bonds and home loan rates. The aforementioned 200-day Moving Average, seen below in blue, is an important threshold in determining the direction of home loan rates in the coming weeks. A convincing move above this line would be good news for Bonds. Let's watch this closely, as it may represent some opportunities ahead.

Remember when Bond prices move higher, home loan rates move lower...and vice versa. **As you can see in**

the chart below, Bonds and home loan rates managed to stay above the 200-Day Moving Average. I will be watching closely to see if Bonds and home loan rates can remain above this important level.

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Sep 05, 2008)



[The Mortgage Market View... ▶](#)

Grocery Shopping Tips

With food prices still soaring, supermarkets are offering many deals and specials to lure in food shoppers. But sometimes, these good deals can actually cause people to spend more than they would have otherwise. Phil Lempert, author of *Being the Shopper: Understanding the Buyer's Choice*, offers these smart-shopping tips:

Limit Four Per Person: Scarcity can have a powerful impact on shoppers. A buying restriction can tempt people to buy more than they need, which could cause items to either spoil or sit in your pantry for a long time.

Tip: In the long run, when you factor in the amount of products that spoil or are eventually thrown away, you will usually be better off financially if you only buy the amount you reasonably need and can use.

End of Aisle or Freestanding Displays: Often the "specials" displayed on the end caps of each aisle or on an island display aren't really the best deals that the store currently offers. These displays may also lead to impulse buys that you weren't intending to make. For instance, a display with graham crackers, chocolate, and marshmallows could make you think, "I'll make s'mores for dessert." **Tip:** While the location of these items is convenient, especially during busy shopping hours, you should only buy these items if they really are good deals.

Buy One, Get One Free: While these deals can make you feel like you are getting something for half price, if the cost is more than that of a similar item...or if you don't need a large quantity...than this may be one special worth passing on. **Tip:** Ask the manager if you can buy one item for half the price instead of buy one get one free. While stores don't always advertise this alternative, they often allow it.

Pre-Sliced Produce: While pre-sliced produce can feel like an easy choice, it can cost twice as much as whole

produce, and can spoil faster than whole produce. **Tip:** Pay extra for prepared meals and produce only if the time and effort they save you is significant and really worth it.

For more great grocery shopping tips, visit www.supermarketguru.com.

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 September 08 – September 12

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Wed. September 10	10:30	Crude Inventories	9/06	NA		-1898K	Moderate
Thu. September 11	08:30	Jobless Claims (Initial)	9/06	NA		444K	Moderate
Thu. September 11	08:30	Balance of Trade	Jul	-\$58.0B		-\$56.8B	Moderate
Fri. September 12	08:30	Core Producer Price Index (PPI)	Aug	0.2%		0.7%	Moderate
Fri. September 12	08:30	Producer Price Index (PPI)	Aug	-0.3%		1.2%	Moderate
Fri. September 12	08:30	Retail Sales	Aug	0.1%		-0.1%	HIGH
Fri. September 12	08:30	Retail Sales ex-auto	Aug	-0.2%		0.4%	HIGH
Fri. September 12	10:00	Consumer Sentiment Index (UoM)	Sept	63.9		63.0	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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