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Last Week in Review ▶

"BREAKDOWN, TAKEDOWN...YOU'RE BUSTED!" *Bob Seger* That classic 80's lyric aptly describes the market last week, as the Stock market suffered a breakdown, analysts got a takedown, and many investors felt they were busted as Stocks sold off hard on Friday. Why? The result of a super lousy Jobs Report number on Friday morning. US job growth in August was actually negative for the first time in four years, with a loss of 4,000 jobs. And the shocker was that analysts had expected somewhere close to 110,000 new jobs to be created!

But while Stocks suffered on the news, Bonds benefited, meaning that **home loan rates on conforming loans improved by .125% to .25%**. Additionally, the dismal Report also means the Fed is almost guaranteed to make a cut to the Fed Funds Rate at their upcoming meeting on September 18th, to help stimulate a sagging economy. And in fact, their cut now may be a .50% cut, rather than the .25% that has been speculated.

This action would help stimulate business at large, with less expensive costs to borrow - and also help consumers as well. The Fed Funds Rate impacts many other borrowing rates, such as Home Equity Lines, credit cards, car loans and the like.

DOES BACK TO SCHOOL TIME ALREADY HAVE YOU DREAMING OF A WINTER GETAWAY? IF SO - THE TIME TO PLAN IS NOW. READ THIS WEEK'S MORTGAGE MARKET VIEW FOR A FEW TIPS ON KEEPING YOUR TRIP SAFE AND SMART.

Forecast for the Week ▶

Will all the back to school buying that happened last month help boost this week's read on August Retail Sales? It's the biggest economic report coming this week, due to be delivered on Friday morning. It will be interesting to see if the turmoil in the financial markets during August had an impact on consumer spending. A strong Retail Sales Report would be good news for Stocks, but could pull money away from Bonds, causing home loan rates to worsen. A weak report would have the opposite effect, dragging Stocks lower, but helping Bonds and home loan rates improve.

But before we even see next Friday's Retail Sales Report, Bonds will be fighting a tough technical battle. Previous "ceilings" of overhead resistance can prevent the Bond from moving higher and helping home loan rates improve - and there is a tough ceiling lying in wait right now for Bonds, as you can see in the chart below.

In the absence of any scheduled economic releases until Friday's Retail Sales Report, Bonds may find it tough to power through the ceiling and bring improvement to home loan rates...unless Stocks continue to falter. **If the Stock market continues the plunge it saw last Friday, money being pulled away from Stocks could flow over into Bonds, which would help home loan rates improve.**

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Sep 07, 2007)



The Mortgage Market View... ▶

Tips for Traveling Abroad

Many Americans spend a lot of time preparing and planning trips to other countries, be it a winter vacation in the Caribbean or a once-in-a-lifetime trip to Europe. Here are a few important travel tips to make sure your trip is as smooth as possible, and suggestions for what to do if the unexpected happens.

Is my destination a safe place?

As we all know by watching the news, there are a number of places in the world that are not safe for travel. The Department of State (DoS) issues [travel warnings](#) that recommend Americans avoid traveling in certain countries.

In addition, the DoS also offers fact sheets, called [Consular Information Sheets](#), on every country in the world. These sheets describe general health, safety, and travel tips, as well as contact information for the local US Embassy, which is a critical piece of information when traveling abroad.

Passports - are they needed everywhere?

A passport is now required when traveling anywhere outside of the USA. Due to this recent change in policy, the time required to receive a passport has dramatically increased to approximately two months. You can pay an additional fee to request expedited service, but even then you'll wait nearly a month to receive it.

Helpful Tip: Even if you don't currently have plans to travel out of country, it's a good idea to apply for your passport today and keep it in a safe location until it is needed.

Where do I apply for a Passport?

Many county or municipal offices handle passport applications and photos. A complete list can be accessed at: <http://iafdb.travel.state.gov/>. If you're traveling within two weeks and need a passport or foreign visa for travel, you can contact one of the [thirteen Passport Agencies](#) who will be able to assist you.

What if my Passport is lost or stolen?

If lose your passport while you're in the US, you must report the loss or theft immediately to the State Department and you should also file a local police report. If you lose your picture ID while traveling domestically by air, contact your airlines immediately as there are other ways to document your identity for the airline and TSA that can be used on a case-by-case basis.

Losing your passport while traveling overseas is a dramatically different problem. The first step is to contact the nearest US Embassy or Consulate. The [State Department's website](#) has a complete listing sorted by region and country. Alternatively, you can contact the Department of State Overseas Citizens Service at 1-317-472-2328. Generally, you will need to travel to the embassy, prove your identity, and reapply. Expect to pay more for this passport than the one obtained in the standard fashion.

Helpful Tip: Keep a photocopy of your passport with you while you're traveling, but in a separate place than

your other travel documents. You may even consider storing digital copies on your PDA, iPod, or laptop to keep this info with you. You can also ask a trusted friend or family member to keep a copy of passport, birth certificate and driver's license with them at home. That way you have a backup copy in case you need it.

What is the best way to pay for purchases while traveling abroad?

While many of us may remember the Karl Malden voiced American Express Traveler Checks commercials that were popular over the past several decades, Travelers Checks are not the best or most cost-effective way to pay for purchases overseas. Many retailers either no longer accept them, or they charge a very substantial markup to the exchange rate.

Helpful Tip: The best way to pay for items while traveling overseas is with your credit card, where with several card issuers you pay only the wholesale exchange rates without additional markups.

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 10 – September 14

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Tue. September 11	08:30	Balance of Trade	Jul	-\$59.0B		-\$58.1B	Moderate
Wed. September 12	10:30	Crude Inventories	9/07	NA		-3972K	Moderate
Thu. September 13	08:30	Jobless Claims (Initial)	9/08	330K		318K	Moderate
Fri. September 14	08:30	Retail Sales	Aug	0.5%		0.3%	HIGH
Fri. September 14	08:30	Retail Sales ex-auto	Aug	0.2%		0.4%	HIGH
Fri. September 14	09:15	Capacity Utilization	Aug	82.0%		81.9%	Moderate
Fri. September 14	09:15	Industrial Production	Aug	0.3%		0.3%	Moderate
Fri. September 14	10:00	Consumer Sentiment Index (UoM)	Sep	83.5		83.4	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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