

If you can't see the newsletter, or would like to view it online, [use this link](#)

If you have received this newsletter indirectly and would like to be added to our weekly distribution list, [use this link](#)



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](mailto:fweeks@gmwest.com)



For the week of Sep 15, 2008 --- Vol. 6, Issue 38

### Last Week in Review ▶

**"THERE IS NOTHING WRONG WITH CHANGE, IF IT IS IN THE RIGHT DIRECTION." Winston Churchill.** And the housing and mortgage industries experienced a great change in the right direction last week, as the Federal government moved to support Fannie Mae and Freddie Mac, causing Bonds and home loan rates to improve significantly and **end the week around .25 percent better than where they began.**

So why did the Federal government take action? Fannie Mae and Freddie Mac both have issued many Bonds which over time mature, and Fannie and Freddie need to pay back the principal on the maturing Bonds. The way they raise capital to pay these maturing Bonds is to issue new Bonds, which happens every month. And as long as Fannie and Freddie can sell new Bonds this system works well.

But the problems in the mortgage industry have reduced investor appetite to purchase these Bonds. Without the ability to sell new Bonds, Fannie and Freddie are less able to meet the capital requirements to pay off the maturing Bonds. And if Fannie and Freddie were to default and become insolvent, the mortgage and housing industries...and homeowners across our nation... would face even more struggles than we are seeing now.

So the government's decision to back Fannie Mae and Freddie Mac is great news for homeowners, because it ensures the continued liquidity of conforming loans nationwide and it ensures that buyers of this type of Bond have a safe investment going forward.

In other Bond-friendly news, we saw good news on the inflation front last week. Overall Import Prices declined for the first time since December, thanks in part to the recent plunge in oil and gas prices. And Wholesale Prices, which help measure inflation, fell in August for the first time this year.

Overall, the good inflation news and the Fed's decision about Fannie and Freddie should lead to improving Bond prices and home loan rates in the long-term. With home loan rates at such low levels, it's a great time to review your mortgage situation and make sure you have the rate and program that best suits your current financial needs. I'd be glad to do a quick review for you - and your friends, family members, neighbors or coworkers as well - so just give me a call or email, I'll look forward to hearing from you!

**MAKING SURE YOUR CREDIT CARDS ARE SAFE IS AN IMPORTANT STEP IN THE RIGHT DIRECTION TOO, SO CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW TO MAKE SURE YOU KNOW HOW TO PROTECT YOURSELF AGAINST A NEW CREDIT CARD SCAM.**

### Forecast for the Week ▶

This week several important economic releases will arrive, and the flavor of these headlines will help determine if things can continue to move in an improving direction. Tuesday's Consumer Price Index (CPI) report will show us inflation at the consumer level - that is, how much more expensive goods and services are for consumers this month over last month. If CPI brings more good news on the inflation front, Bonds and home loan rates may add to their improvements from last week.

Also on Tuesday, the Fed will release their latest Policy Statement and Interest Rate Decision. It is widely believed that the Fed will keep the Fed Funds Rate at 2% given the lessening concerns over inflation, but it will be important to see if the Fed's statement gives us a hint as to what their plans are for the near future.

Later in the week, we will get a read on the housing market via the Housing Starts and Building Permits Report on Wednesday, as well as a look at the manufacturing sector via the Philadelphia Fed Report on Thursday. This monthly survey of manufacturing purchasing managers conducting business around the tri-state area of Pennsylvania, New Jersey, and Delaware is one of the most highly watched manufacturing reports. If manufacturing appears to be getting stronger in this region, Stocks could move higher at the expense of Bonds and home loan rates.

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 have improved significantly over the past month, but got stopped in their tracks last week by a technical "ceiling of resistance".** I will be watching closely to see if Bonds and home loan rates can break this barrier and find more improvement in the weeks ahead.

**Chart: Fannie Mae 5.5% Mortgage Bond (Friday Sep 12, 2008)**



**The Mortgage Market View... ▶**

**Criminals Turn to Shaving**

We've all heard about high tech online and email scams that are used by criminals to trick consumers out of their money. But now, some scammers are relying on good old low-tech skills to steal money from consumers... sometimes without being detected for months!

Authorities are reporting increased "credit card shaving" activity. Credit card shaving--or resurfacing--occurs when a criminal essentially creates a duplicate credit card using numbers from other cards.

**Here's how it works...**

Criminals obtain valid credit card numbers (either by purchasing a list of numbers from a black market dealer or by stealing numbers from other sources, such as financial paperwork). Then, criminals use a razor blade to shave the raised numbers off of expired credit cards or gift cards. Once the numbers are off, criminals re-arrange those numbers into the order of a valid credit card number and glue them back onto a clean-shaven card. Finally, the criminals use a knife or a pen to scratch the magnetic strip on the back of the newly created card, so that store clerks have to enter the number manually rather than swipe the card.

It's all very low-tech, but very effective! Especially, when you consider that the victims have no idea they're even being robbed. And why should they? Their actual credit cards haven't been stolen... they're safe and sound in a wallet or purse.

### So what can you do to protect yourself?

First, spread the word about this type of crime. That means telling your friends, family members, and even your local merchants. Experts agree that the best line of defense is at the store register. After all, these card numbers need to be entered manually by a store clerk. If the clerk is perceptive and takes a minute to inspect cards for evidence of mismatched and crooked numbers or even traces of glue, many of these types of crimes could be stopped before they begin.

Second, monitor your accounts. All too often, people file their credit card bills or check card statements without really inspecting them. To help protect yourself, make sure you take a few minutes to examine what charges are listed. If anything looks remotely suspicious, look into it. You can start by checking it against your recent purchases, and if anything looks suspect, get in touch with your credit card company and the merchant for help in tracking down the issue.

### 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 15 – September 19

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. September 15	08:30	Empire State Index	Sept	1.4%	-7.4%	2.8	Moderate
Mon. September 15	09:15	Capacity Utilization	Aug	79.6%	78.7%	79.7%	Moderate
Mon. September 15	09:15	Industrial Production	Aug	-0.3%	1.1%	0.1%	Moderate
Tue. September 16	08:30	Core Consumer Price Index (CPI)	Aug	0.2%		0.3%	HIGH
Tue. September 16	08:30	Consumer Price Index (CPI)	Aug	0.0%		0.8%	HIGH
Tue. September 16	02:15	FOMC Meeting					HIGH
Wed. September 17	08:30	Housing Starts	Aug	950K		965K	Moderate
Wed. September 17	08:30	Building Permits	Aug	925K		937K	Moderate
Wed. September 17	10:30	Crude Inventories	9/13	NA		-5828K	Moderate
Thu. September 18	08:30	Jobless Claims (Initial)	9/13	NA		445K	Moderate
Thu. September 18	10:00	Index of Leading Econ Ind (LEI)	Aug	-0.2%		-0.7%	Low
Thu. September 18	10:00	Philadelphia Fed Index	Sept	-10.0		-12.7	HIGH

The material contained in this newsletter has been prepared by an independent third-party provider. The content is provided for use by real estate, financial services and other professionals only and is not intended for consumer distribution. The material provided is for informational and educational purposes only and should not be construed as investment and/or mortgage advice. Although the material is deemed to be accurate and reliable, there is no guarantee it is not without errors.

**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.**

**In the unlikely event that you no longer wish to receive these valuable market updates, please [USE THIS LINK](#) or email: [fweeks@gmwest.com](mailto:fweeks@gmwest.com)**

**If you prefer to send your removal request by mail the address is:**

**Foster Weeks  
Guarantee Mortgage  
1860 Lombard St  
San Francisco, CA 94123**

**Mortgage Market Guide, LLC** is the copyright owner or licensee of the content and/or information in this email, unless otherwise indicated. **Mortgage Market Guide, LLC** does not grant to you a license to any content, features or materials in this email. You may not distribute, download, or save a copy of any of the content or screens except as otherwise provided in our Terms and Conditions of Membership, for any purpose.

