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For the week of Sep 29, 2008 --- Vol. 6, Issue 40

Last Week in Review ▶

DEAL OR NO DEAL? It appears a deal has indeed been struck, as Congressional leaders and the Bush administration announced they had come to an agreement to spend up to \$700 Billion on the historic Bailout Plan.

But first - a look back at the past week, leading up to the weekend announcements.

There were several major developments, beginning with the announcement that Japan's Mitsubishi Financial Bank will purchase 10% to 20% of Morgan Stanley, saving the company from the same bankruptcy fate as Lehman Brothers. On Wednesday, the financial markets received another vote of confidence with word that billionaire investor Warren Buffett's Berkshire Hathaway is investing \$5 Billion into Goldman Sachs. But then on Thursday, Washington Mutual was seized by the federal government, and its assets were sold to JP Morgan Chase for \$1.9 Billion. The fall of Washington Mutual represents the biggest US bank failure in history.

But perhaps the biggest news of the week began on Tuesday, as Fed Chairman Ben Bernanke and Treasury Secretary Henry Paulson began their testimony in front of the Senate Banking Committee on the \$700 Billion rescue plan proposed by President Bush.

The plan calls for taking illiquid mortgage backed securities off the hands of lending institutions, and through the week several elements of the plan were intensely debated, including the amount of the plan, the government's role, the absence of oversight, and limits on pay for executives of bailed-out financial institutions. And while full details are still pending, it appears that an agreement has been reached, with the intent to revive our financial system and avoid negative far reaching effects to the rest of our economy.

Despite all the historic events of the week, **home loan rates ended the week only around .125 percent worse than where they began.** I will continue to monitor this situation closely in the days and weeks ahead, and keep you informed.

IN THE MIDST OF ALL THE HISTORIC HAPPENINGS...DON'T FORGET THAT FLU SEASON IS STEADILY APPROACHING. CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW FOR PRACTICAL TIPS YOU CAN USE TO AVOID COLDS AND THE FLU!

Forecast for the Week ▶

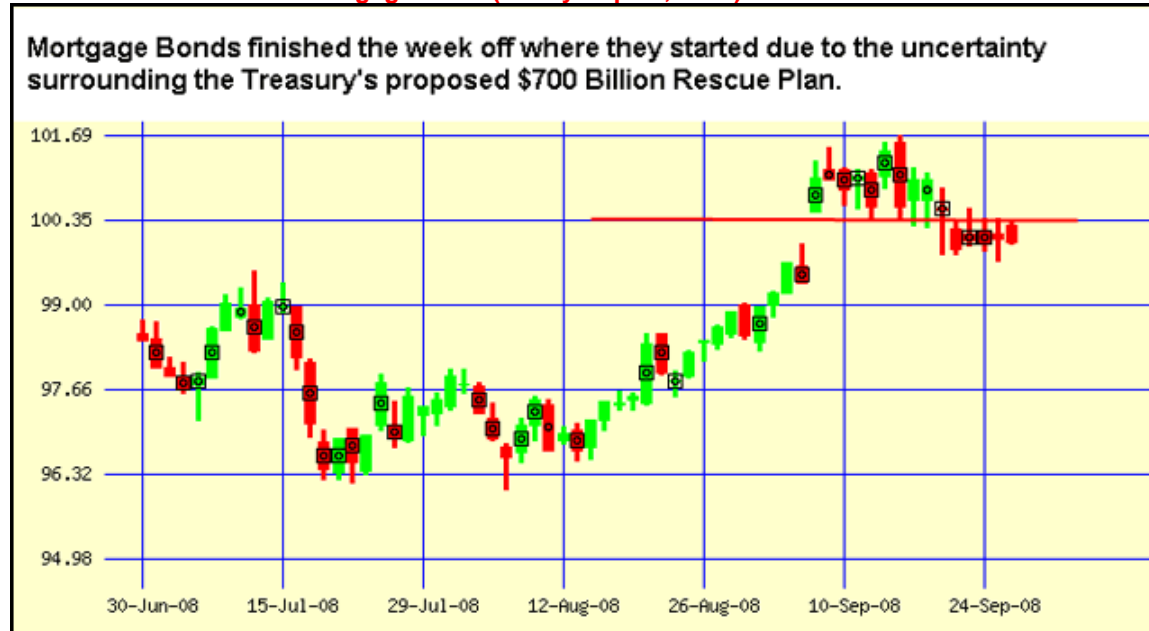
Besides the details that will be coming on the financial rescue plan, several important reports bookend this week. We begin the week with the Fed's favorite gauge of inflation as the Core PCE (Personal Consumption Expenditure) data will be released on Monday.

Then, 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 September. 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. It will be important to see how much of an impact the recent turmoil has had on the job market.

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 not worsened substantially, despite the uncertainty surrounding the Bailout Plan and the financial markets in general.** I will be watching closely to see how Bonds and home loan rates respond to all the historic news that will be coming in the week ahead.

Chart: Fannie Mae 5.5% Mortgage Bond (Friday Sep 26, 2008)



[The Mortgage Market View... ▶](#)

Autumn Ushers in the Good and the Not So Pleasant...

Fall is in full swing. And that means it's time to celebrate the things we love, like kids returning to school, football season, baseball playoffs, and even the beautiful colors of autumn. But it also means the return of something less fun... the dreaded cold and flu season. And the cost of the season is nothing to sneeze at! Did you know that Americans spend approximately \$4 Billion on over the counter cold and flu remedies? That's not even factoring in how much time and productivity is lost on sick-time in the workplace, or co-pays for doctor visits and prescriptions.

To Help Stay Healthy, Start Following These Quick Tips Now:

Determine how susceptible you are. Start by asking yourself a few simple questions: Were you ill several times last year? Do you frequently feel fatigued? Do you sleep less than seven hours per night? If you answer yes to several of those questions, it may be a good idea to consult your doctor for a pre-flu season check-up.

Build up your immune system. Take the time now to catch up on sleep and get a flu shot. In addition, make sure you're getting enough Vitamin C and Zinc. Taking these supplements has been shown to markedly reduce cold symptoms.

Wash your hands frequently. Hand-to-mouth contact is the most common way that people get sick, so keep those hands clean and encourage your family to do the same. You can also carry a hand sanitizer with you to keep your hands germ free when you can't wash.

Wash your nose? Here's a little known--yet effective--tip for combating the cold and flu season. By using a simple saline nasal wash or nasal irrigation, you can actually help rid yourself of colds and allergies. Although it doesn't look pretty in action, it's effective in washing away germs and particulates, as well as healing and protecting your nasal passages. The fact is, when dry winter air makes the tissues inside your sinuses dry and cracked, germs have a perfect place to live and breed, which makes you sick more easily. But a saline nasal wash, available at most drugstores, can lubricate, protect and clean those nasal tissues to help keep healthy. And it may help reduce snoring!

By taking a little time to protect yourself from illness, you can help make sure that you are able to enjoy the things that are important to you... like spending time with family and friends, working hard at your career, and remaining healthy and active during the fall and winter seasons!

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 29 – October 03

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. September 29	08:30	Personal Income	Aug	0.2%	-0.5%	-0.6%	Moderate
Mon. September 29	08:30	Personal Spending	Aug	0.2%	0.0%	0.1%	Moderate
Mon. September 29	08:30	Personal Consumption Expenditures and Core PCE	Aug	0.2%	0.2%	0.2%	HIGH
Mon. September 29	08:30	Personal Consumption Expenditures and Core PCE	YOY	NA	2.6%	2.4%	HIGH
Tue. September 30	09:45	Chicago PMI	Sept	54.0		57.9	HIGH
Tue. September 30	10:00	Consumer Confidence	Sept	55.0		56.9	Moderate
Wed. October 01	08:15	ADP National Employment Report	Sept	NA		-33K	HIGH
Wed. October 01	10:00	ISM Index	Sept	50.0		49.9	HIGH
Wed. October 01	10:30	Crude Inventories	9/27	NA		-1520K	Moderate
Thu. October 02	08:30	Jobless Claims (Initial)	9/27	NA		493K	Moderate
Fri. October 03	08:30	Average Work Week	Sept	33.7		33.7	HIGH
Fri. October 03	08:30	Hourly Earnings	Sept	0.3%		0.4%	HIGH
Fri. October 03	08:30	Non-farm Payrolls	Sept	-90K		-84K	HIGH
Fri. October 03	08:30	Unemployment Rate	Sept	6.1%		6.1%	HIGH
Fri. October 03	10:00	ISM Services Index	Sept	50.0		50.6	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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