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For the week of Oct 08, 2007 --- Vol. 5, Issue 41

### Last Week in Review ▶

**"MISSED IT BY THAT MUCH."** Remember the old show "Get Smart", when bumbling secret agent Maxwell Smart would describe his latest major goof by holding up his fingers about a half-inch apart, and emphatically stating that famous line? In similar fashion...it appears the Department of Labor missed some recent job creation counts by quite a long shot.

Last Friday, the highly anticipated monthly Jobs Report arrived bright and early, showing 110,000 new jobs created during September, very close to what analysts had expected. But the real surprise was the upward revision to last month's shocking number, which had shown a LOSS of 4000 jobs in August. The revised number was a gain of 89,000 jobs, or a change of 93,000! That's right - the Department of Labor "missed it by that much."

**Bond prices and home loan rates worsen on strong or positive economic news, so the surprising upward revisions in job growth caused Bonds and home loan rates to worsen by about .125% on Friday alone.**

**AND SPEAKING OF JOBS - HAVE YOU EVER CONSIDERED WHAT WOULD HAPPEN IF YOU LOST YOUR JOB OR YOUR INCOME DUE TO A HEALTH CRISIS OR INJURY? NO ONE EVER EXPECTS IT TO HAPPEN TO THEM - BUT WHY NOT BE ON YOUR WAY TO MAKING SOME HEALTHY CHOICES FOR YOUR OWN FINANCIAL FUTURE RIGHT NOW?**

### Forecast for the Week ▶

This coming week should be another juicy one as far as the economic calendar is concerned, with several reports and releases that will have the power to move the markets.

Of special note, Tuesday brings the release of the "Meeting Minutes" from the last Federal Reserve Board meeting - and unlike the carefully crafted wording of the formal Policy Statement that is released just following the meeting - the Minutes are the "Fed Unplugged", including commentary and conversation during the meeting by all attending Fed Board members. Dallas Fed President Richard "Loose Lips" Fisher is often a loose cannon, sometimes blurting out off the cuff comments on the economy almost uncontrollably...so it will be interesting to see if the meeting contained any wild cards.

Remembering that when Bond prices move lower, home loan rates worsen - we can see in the chart below that Bond prices were slammed lower on Friday, shown by the large red "candle" on the right hand side of the chart. Bonds also were slammed back below floors of a few floors of support, so **it appears that the path of least resistance is for Bond prices and home loan rates to get slightly worse before they get better.**

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Oct 05, 2007)



[The Mortgage Market View... ▶](#)

### MAKING HEALTHY FINANCIAL DECISIONS

While we all hope that we never have to deal with a sudden medical crisis caused by the discovery of a life threatening or life altering illness the reality is that at some point, many of us will have to face this situation. As they say, life is a terminal condition. Good health is a gift that is often taken for granted, but when you are healthy is also the very best time to take a few simple steps to insure that you and your family, income and assets would be protected in case the worst would happen.

#### A stat that "will" surprise you:

Did you know that less than 10% of all adult Americans have a will? Amazing, because it is one of the most important documents you will ever create, especially if you have children. In addition to your will, it is advisable to create Power-of-Attorney's to allow someone you trust to be able to make financial decisions or pay bills on your behalf if you are not able to do so yourself.

Also consider creating a living will, outlining the types of treatments that you would want or not want to have performed. Typically a living will is accompanied by a health care proxy, which is a Power-of-Attorney specifically for making medical decisions.

#### Emergency fund:

There are dozens of reasons that it is important to build up a nest egg of cash, but one of the most important is to help protect against the loss of income that can occur during a medical crisis. Rarely considered for couples who both work, but worth mentioning, is that during a medical emergency, not only would the ill individual be out

of work, but oftentimes the other would also have lowered income due to spending time and energy with the sick partner.

**Throw me a line:**

A Home Equity Line of Credit (HELOC) can be another great safety net to consider, as it allows you easy and immediate access to a relatively cheap source of money. It is important to remember that your ability to qualify for a new loan may be diminished if you are critically ill, so obtaining a HELOC when you do not need it is a very good idea. And since HELOC's are typically inexpensive to set up, and only require payments if there is a balance owed, this makes it an ideal safety net.

**"Insure" your safe future:**

Life insurance is rarely considered a popular discussion topic, but it is a very important way to protect your family. Dealing with the loss of a loved one is very difficult and there is no easy way to ease the pain. And the financial problems, although secondary, can be very serious. Loss of home, income, and savings can all be avoided with the right life insurance plan.

Other types of insurance to investigate are disability insurance - which can help provide income if you are unable to work because of an injury or illness - and also long term care, which can help you preserve your assets from being eaten up by caretakers in the future.

***If you need help setting up a Home Equity Line or a referral to a great financial planner or insurance agent - please email or give me a call. I'd be happy to help you make the connections needed to ensure your own healthy financial future.***

**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 October 08 – October 12**

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Tue. October 09	02:00	FOMC Minutes	9/18				HIGH
Wed. October 10	10:30	Crude Inventories	10/05	NA		1138K	Moderate
Thu. October 11	08:30	Jobless Claims (Initial)	10/06	315K		317K	Moderate
Thu. October 11	08:30	Balance of Trade	Aug	-\$59.0B		-\$59.2b	Moderate
Fri. October 12	08:30	Retail Sales	Sept	0.2%		0.3%	HIGH
Fri. October 12	08:30	Retail Sales ex-auto	Sept	0.3%		-0.4%	HIGH
Fri. October 12	08:30	Producer Price Index (PPI)	Sept	0.4%		-1.4%	Moderate
Fri. October 12	08:30	Core Producer Price Index (PPI)	Sept	0.2%		0.2%	Moderate
Fri. October 12	10:00	Consumer Sentiment Index (UoM)	Aug	84.0		83.4	Moderate

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