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For the week of Nov 12, 2007 --- Vol. 5, Issue 46

### Last Week in Review ▶

**DING-DING-DING!!** When the bell sounded at the end of the trading day on Friday, traders trudged off the scenes like defeated boxers at the end of a grueling match. Stocks got pummeled last week with a 600-point decline on the Dow, during a week that was full of subprime home loan related headlines. Write-downs of the value of these holdings spooked the financial sector, which led the Stock market on its slide lower.

Normally, Mortgage Bonds and home loan rates find improvement when money is flowing out of Stocks - that money being pulled out needs somewhere to sit, and Bonds are generally the glad recipient. And while some Bonds did enjoy a great week - like Treasury Bonds - **Mortgage Bonds actually worsened because of their relation to the issue at hand, fears of the credit quality of these Bonds, and home loan rates worsened slightly as well.** And if the Stock market had not sold off so hard, sending money into all types of Bonds, Mortgage Bonds and home loan rates would certainly have been much worse off.

**BUT REGARDLESS OF MARKET UPS AND DOWNS - SLOW AND STEADY WILL WIN THE RACE TO YOUR COMFORTABLE RETIREMENT. READ THIS WEEK'S MORTGAGE MARKET VIEW FOR A FEW EASY WAYS THAT YOU CAN ENSURE YOUR OWN PLANS STAY ON TRACK.**

### Forecast for the Week ▶

With the market closed on Monday in observance of Veteran's Day - the rest of the week will roar into action with a packed economic calendar, including a look at retail sales numbers, consumer and producer inflation, and the manufacturing sector too.

Remember that when Bond prices move higher, home loan rates improve - and you can see in the chart below that despite some ups and downs, Bond prices have overall been trending higher over the last few months, meaning home loan rates on conforming loans have improved in general. Any weak or negative economic news arriving this week should help money flow into the safe haven of Bonds, helping Bond pricing move higher and home loan rates move lower. And the chart also shows some nice technical "floors of support" that may help Bonds continue their overall trend of improvement.

But lingering concerns on the credit quality of Mortgage Bonds could hamper their road higher - so this week could be volatile, depending on the flavor of the headlines on this topic. **And in this week's planned economic releases, any scent of inflation in the reports will be very bad news for Bonds - which deliver a fixed return that is eroded by the effects of inflation - so that would spell bad news for home loan rates as well.**

**Chart: Fannie Mae 6.0% Mortgage Bond (Friday Nov 09, 2007)**



### The Mortgage Market View... ▶

#### DID YOU KNOW...

That if you wait until you're 45 years old to start investing for retirement, you'll need to save about \$24,000 per year just to reach a reasonably comfortable retirement level? But if you start when you're 25, you can reach that same level by saving just \$4,000 per year. So starting as early as possible is important - but even if you didn't, you can use the simple tips below to get on track right away.

#### Give Your Retirement Plan a Raise

The more you make the more you spend...so the next time you get a raise or a bonus, break the cycle! Set aside that extra money and invest it in your future. You will not even notice it now...but you will in the long run.

#### Make a Big Impact Without Denting Your Budget

If you're about to pay off a car, student loan, or some other monthly expense, you can make a huge impact on your investment plans by simply adding that extra money to your retirement account. You're already used to living without it, so it won't impact your monthly spending money at all.

#### Out of Sight, Out of Mind Investing

Don't forget to make your investments automatic. It's much easier--and a lot less painful--to have that money simply deducted from your paycheck and electronically deposit. You'll save the same amount every month...and save yourself the trouble of writing that check!

#### Eliminate High Rates

Want to earn a 17%, 18% or even 19% return right away? It's easy...put together a plan to pay off your credit

cards faster, starting with the highest rates. By paying it off quickly--and keeping it paid off--you'll eliminate the high interest charges that tighten drain budget and often put people into a downward spiral of debt.

### Make the Most of Matching Contributions

If you have access to a 401(k) retirement plan, make sure you are using it - especially if you get matching contributions from your employer. See how much you have to contribute to earn the full matching amount from your employer - and if you can't contribute that much right away, start small and steadily increase your contribution over time until you reach it. You'll double your money with the employer's match...and your contributions are generally taken out of your check pre-tax, so your savings costs even less in real, after tax dollars.

### It's NOT All or Nothing

Don't feel like you have to jump in with everything you've got. The most important point is to get started right away...not next month or next year, but right now with whatever amount you can. You can always increase the amount you invest...but you can never get back the compounding interest you'll lose by waiting.

***And remember, if you have any questions - including how a mortgage can be structured to jumpstart your retirement plan or a recommendation to a great financial planner - please don't hesitate to call!***

### 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 November 12 – November 16

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Wed. November 14	08:30	Retail Sales	Oct	0.2%		0.6%	HIGH
Wed. November 14	08:30	Retail Sales ex-auto	Oct	0.3%		0.4%	HIGH
Wed. November 14	08:30	Producer Price Index (PPI)	Oct	0.2%		1.1%	Moderate
Wed. November 14	08:30	Core Producer Price Index (PPI)	Oct	0.2%		0.1%	Moderate
Wed. November 14	08:30	Crude Inventories	11/09	NA		-821K	Moderate
Thu. November 15	08:30	Empire State Index	Nov	21.0		28.8	Moderate
Thu. November 15	08:30	Jobless Claims (Initial)	11/10	320K		317K	Moderate
Thu. November 15	08:30	Core Consumer Price Index (CPI)	Oct	0.2%		02%	HIGH
Thu. November 15	08:30	Consumer Price Index (CPI)	Oct	0.3%		0.3%	HIGH
Thu. November 15	12:00	Philadelphia Fed Index	Nov	6.0		6.8	HIGH
Fri. November 16	09:15	Industrial Production	Oct	0.1%		0.1%	Moderate
Fri. November 16	09:15	Capacity Utilization	Oct	82.1%		82.1%	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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