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Last Week in Review ▶

"NOBODY LIKES THE BRINGER OF BAD NEWS." *Ancient Greek playwright Sophocles.* Last week may have been a holiday-shortened week as the Bond market was closed on Tuesday in honor of Veterans Day, but it was far from quiet as financial markets reacted to several pieces of bad economic news brought throughout the week.

The week began with the news that Circuit City filed for Chapter 11 Bankruptcy, and will be closing 150 stores - and this in advance of the holiday season, when most retailers make a larger portion of their profits for the year. Department store Nordstrom reported its growth rate is down 16%, where they were expecting an increase of 10%. Poor economic reports from Best Buy and Macy's followed a few days later, as well as lower future earnings guidance from Wal-Mart and Intel. As if the headlines of the week weren't enough, Friday's Retail Sales report showed that overall retail sales fell for the fourth straight month and plunged to their worst level since record keeping began in 1992. Looks like a pretty dismal holiday shopping season ahead...probably the worst that retailers will have seen in a long, long time.

In addition, there was bad news for the automobile industry as Deutsche Bank downgraded shares of General Motors from hold to sell, giving a price target of \$0...yes, \$0. As a result, General Motors stock fell below \$3 for the first time since April 13, 1943. Interestingly enough, the automaker was not even making cars at that time but producing only military equipment for WWII.

And the bad news continued on the job front as well, as the Initial Jobless Claims report revealed the highest number of first time unemployment claim since 2001. In addition, Continuing Jobless Claims reached their highest level in 25 years. Remember, poor economic news and a weak labor market usually cause Bonds and home loan rates to improve. This is because fewer jobs and lower confidence about keeping or finding work causes people to spend less. In turn, businesses and retailers lose pricing power, and this is a cycle that keeps inflation - the arch enemy of Bonds and home loan rates - at low levels, especially if oil remains near present reasonable prices.

However, despite all the bad economic news of the week, **Bonds and home loan rates were unable to make significant improvements this week** as they fought to defeat and move convincingly above a very important technical level called the 200-Day Moving Average. Read on, to understand more about the significance of this technical indicator.

LOSING A JOB IS ALWAYS A TOUGH EXPERIENCE, BUT IT PAYS TO FOLLOW GOOD ADVICE IF YOU OR SOMEONE YOU KNOW RUNS INTO THIS SITUATION. CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW FOR JOB SEARCH TIPS THAT CAN MAKE ALL THE DIFFERENCE IN TOUGH MARKETS.

Forecast for the Week ▶

There are several important economic reports ahead this week...is more bad economic news on the way? Tuesday and Wednesday will be big days on the inflation front as Tuesday brings the wholesale measuring

Producer Price Index while Wednesday'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, as well as year over year. Given the Fed's recent rate cuts (which can trigger inflation), it will be important to see what these reports show.

Wednesday will also bring a read on the new construction housing market with the Housing Starts and Building Permits Report, and Thursday is another important day to note as the Philadelphia Fed Report will be released. 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-watched manufacturing reports. Given both the poor Jobs and Retail Sales reports of late, this is likely to be somewhat negative as well. **Weak economic news normally helps Bonds and home loan rates improve, as money flows out of Stocks and into Bonds, so I will be watching very closely for improvement during the coming week.**

However, to gain improvement, Bonds would have to convincingly defeat and move above a technical level called the 200-Day Moving Average. A moving average is the average closing price of a financial instrument over a given time period. In this case, the 200-Day Moving Average can act as a "ceiling of resistance", preventing Bond pricing from moving higher and helping home loan rates improve, or a "floor of support" that can keep Bond prices from moving lower and causing home loan rates to worsen.

You can see in the chart below how Bonds danced around this level all last week, so I will be watching closely during the coming week to see if Bonds and home loan rates can breakthrough this resistance and move in an improving direction.

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Nov 14, 2008)



[The Mortgage Market View... ▶](#)

Tips for Finding a Job in Tough Markets

Finding a job during tough economic times doesn't have to be tough...if you know which strategies work. Here are some tips for beating the odds:

Take Networking to the Next Level: Networking is always a great job strategy, but in the current economic climate, you need to go a step beyond letting your contacts know you are looking for a job, since many other people may be doing the same thing. Instead, develop a compelling business idea for your field or the field you

would like to enter. Then, when you call or email your contacts, let them know you are researching your idea and would like to meet with industry insiders to discuss its viability. With this strategy, people will see you as someone with something to offer them, rather than as someone who needs something. And if the people you meet with like your idea, your meetings could lead to a job offer even though you never asked for a job.

Focus on Sectors That Are Hiring: No matter what industry your background is in, the skills or experience you possess may qualify you for a position in a new field. For instance, sales and customer relations are skills needed in a variety of industries. To begin, make a list of your experiences and skills that could help you find a job in a sector that is currently hiring. Then, gear your resume and cover letter to focus on these particular skills and experiences.

Aim for Your Dream Job: Many job seekers begin to panic and apply for any job that's available. This is a mistake for several reasons. First, passion and enthusiasm are your best weapons for succeeding in your job search. Employers can tell the difference between someone who really wants to work for them...and someone who will take any job. Second, when you are focused on finding a specific job versus any job, you make it easier for friends and colleagues to help you because they will have a clearer idea of who they could contact for you. Third, if you're in the middle of a job transition, why not use the opportunity to enter the profession you have always wanted to try?

Be Creative About How You Start: During tough markets, many businesses are hesitant to add new employees and increase their level of fixed costs. You can offer to begin as an independent contractor for a period of time before receiving a review and possibly a future permanent job. This would give you a chance to earn an income while demonstrating your skills and value to the company. In turn, it lets the company evaluate your performance in a less costly way, because you would not receive benefits during this time; and with less risk for the company than having to make the decision to hire a permanent employee. You could also volunteer your way to a paid job. Many nonprofit organizations have powerful executives on their boards. By demonstrating your skills and work ethic as a volunteer, you could meet important connections that could lead to your next position.

The bottom line is this: Losing a job is tough during any market, but finding a job doesn't have to be tough when you are willing to be creative and use strategies that work!

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 17 – November 21

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. November 17	08:30	Empire State Index	Nov	-26.0	-25.4	-24.6	Moderate
Mon. November 17	09:15	Capacity Utilization	Oct	76.6%	76.4%	75.5%	Moderate
Mon. November 17	09:15	Industrial Production	Oct	-0.1%	1.3%	-3.7%	Moderate
Tue. November 18	08:30	Core Producer Price Index (PPI)	Oct	0.2%		0.4%	Moderate
Tue. November 18	08:30	Producer Price Index (PPI)	Oct	-1.5%		-0.4%	Moderate
Wed. November 19	08:30	Consumer Price Index (CPI)	Oct	-0.8%		0.0%	HIGH
Wed. November 19	08:30	Core Consumer Price Index (CPI)	Oct	0.2%		0.1%	HIGH
Wed. November 19	08:30	Housing Starts	Oct	780K		817K	Moderate
Wed. November 19	08:30	Building Permits	Oct	770K		805K	Moderate
Wed. November 19	02:00	FOMC Minutes	10/29				HIGH
Thu. November 20	08:30	Jobless Claims (Initial)	11/15	NA		516K	Moderate
Thu. November 20	10:00	Index of Leading Econ Ind (LEI)	Oct	-0.6%		0.3%	Low

Thu. November 20 10:00 Philadelphia Fed Index Nov -30.0 -37.5 HIGH

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