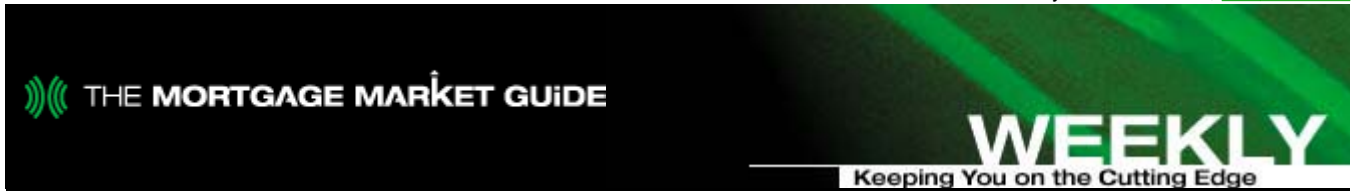


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For the week of Dec 03, 2007 --- Vol. 5, Issue 49

Last Week in Review ▶

"WE'RE SO BUSY WATCHING OUT FOR WHAT'S JUST AHEAD OF US...THAT WE DON'T TAKE TIME TO ENJOY WHERE WE ARE." *Bill Watterson in the comic strip, Calvin & Hobbes*
And while these are certainly wise words for the upcoming holiday season - they also aptly describe the mood in the markets, as Bond Traders look ahead to the end of the coming week, with the arrival of the important Jobs Report. But maybe they should take a moment to enjoy where they are, as despite massive volatility, **Bonds saw nice gains last week with home loan rates improving by about .125%.**

Bond prices improved on a number of factors, including a tame read on inflation via the Personal Consumption Expenditure (PCE) index. Why? Look at it this way - if Bonds were Superman, inflation would be its Kryptonite, because of inflation's ability to erode and weaken the buying power of the fixed return provided by a Bond. So when news arrives indicating that inflation appears to be under control, Bond prices and home loan rates improve on the favorable news.

Another interesting bit of recent news is that major mortgage entities Fannie Mae and Freddie Mac will be moving to "Risk Based" pricing models, meaning that consumers with credit scores that traditionally have been considered "average" may soon be subject to higher interest rates. The best defense is always a good offense - so get in touch with me to discuss your own credit, even if you don't necessarily have the need for a home loan in the cards at the moment. I can help you examine your credit and determine what actions could be taken to improve your credit score - which will save you dollars on all your credit across the board. I'm glad to help - just send me an email at the link above, or give me a call.

AND WHILE WE'RE ON THE TOPIC OF CREDIT...MANY CREDIT CARDS ARE ALREADY GETTING WARMED UP FOR THE HOLIDAY SHOPPING SEASON. BUT DO YOU KNOW WHAT TYPE OF CARD WILL GET YOU THE MOST BENEFIT? DEPENDS ON HOW YOU SPEND...SO DON'T MISS THE SCOOP IN THIS WEEK'S MORTGAGE MARKET VIEW.

Forecast for the Week ▶

This coming Friday commemorates the 66th anniversary of Pearl Harbor Day, "A day that shall live in infamy," and it also features the week's main economic event - the monthly Jobs Report for November, which might touch off some fireworks of its own.

Last month's report came in at twice the number of job creations than had been expected, so the market will be wary of another surprise in the upcoming Jobs number due on Friday - or a large revision to last month's number. Current estimates are for around 75,000 new jobs created in November - and **if the headline number or revisions come in to be well above this number, we could see Bonds and home loan rates worsen. On the other hand, if the Jobs number is worse than expected, or if revisions take some of the heat out of last month's number - Bonds and home loan rates may see some improvement.**

The chart below shows how Bond prices have been trending higher in recent months, bringing improvement to home loan rates. If you, or one of your clients, friends, family members or neighbors have been thinking about refinancing your home loan or buying a property - now is the time to act. Rates are historically low - and homes are on sale - but it won't stay that way forever. If it's on your mind, let's discuss options together so that we are prepared to act when the time is right for you.

Chart: Fannie Mae 6.0% Mortgage Bond (Friday Nov 30, 2007)



The Mortgage Market View... ▶

WHAT'S IN YOUR WALLET THIS HOLIDAY SEASON?

If you're like most Americans, quite a few credit cards, that are already getting warmed up for upcoming gift buying sprees. In recent years, there has been an explosion in the number of credit card issuers, and perhaps more confusingly, the types of rewards being offered with those credit cards. So now, not only do you need to consider the rate and terms of your credit card...but what rewards or other benefits it offers. So what types are out there - and which is best for you?

Airline Miles: If you travel frequently, then maximizing your airline miles may be the very best reward. And if you primarily fly on a single carrier, you will do the best to take their affiliated credit card, as they typically offer 'bonus' opportunities to earn extra miles. If you do fly multiple carriers, you may need to use another option, but most reward cards offer airline miles as a choice. But watch carefully, as there are usually restrictions or blackout dates on when you may be unable to use your rewards-earned airline miles.

Cash Back: Discover was the first card to offer a cash back incentive program, and in fact, that marked the beginning of rewards programs in general. There are several items to consider when focusing in on cash back cards, most importantly being the fine print. Some of the better cash back offers do have tiers where you do not earn the most cash back until after certain amounts of spending on a yearly basis. So if you do not use your credit card very often or do not spend enough to make the required spending levels, you can lose out.

Store Cards: Cards issued by particular merchants can be some of the most valuable cards out there if you are a frequent shopper at that store. Typically, you will be given special offers or invitations to sales events, discounted prices, even up to 5% cash back or earned gift cards with that store.

Points Cards: Many rewards cards offer general purpose points that can be redeemed for a wide variety of items, including airline miles, cash back, gift cards from a variety of places, gifts to charity or simply merchandise. These cards can be very beneficial due to the flexibility that they offer - but here are a few general suggestions.

First, do not buy merchandise directly from the reward program. These products, often electronics, are routinely of poor quality or old models. Best way to purchase is to redeem your points for a gift card at a store you can buy the item at, which generally provides more bang for your points than straight cash back anyways. Next, look carefully at all of the reward levels, as sometimes you can get a better reward ratio if you save up your points over time. For example, 1000 points often translates to a \$5 gift card, but saving up 6000 points may translate into a \$50 gift card - ten times the value for only six times the points! Last, some vendors offer a statement credit versus a cash rebate - and generally offer a higher dollar amount for a credit rather than cash, although the money spends just the same.

The most important advice is to look carefully at the cards you are presently carrying - and know the terms and benefits. If you would like me to help you look over your credit situation in general and ensure that your debt is positioned properly - just give me a call. I am glad to help, and have strategies and suggestions that might make your credit situation much merrier this holiday season.

The Week's Economic Indicator Calendar ▶

Remember, as a general rule, weaker than expected economic data is good for rates, while positive causes rates to rise.

Economic Calendar for the Week of December 03 – December 07

Date	ET	Economic Report	For	Estimate	Actual	Prior	In
Mon. December 03	10:00	ISM Index	Nov	50.5		50.9	↑
Wed. December 05	10:00	ISM Services Index	Nov	55.0		55.8	Mo
Wed. December 05	10:30	Crude Inventories	11/30	NA		-452K	Mo

Thu. December 06	08:30	Jobless Claims (Initial)	12/01	335K	352K	+
Fri. December 07	08:30	Average Work Week	Nov	33.8	33.8	+
Fri. December 07	08:30	Hourly Earnings	Nov	0.3%	0.2%	+
Fri. December 07	08:30	Non-farm Payrolls	Nov	75K	166K	+
Fri. December 07	08:30	Unemployment Rate	Nov	4.8%	4.7%	+
Fri. December 07	08:30	Consumer Sentiment Index (UoM)	Dec	75.5	NA	Mo

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