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For the week of Dec 31, 2007 --- Vol. 6, Issue 1

Last Week in Review ▶

"YOUTH IS WHEN YOU'RE ALLOWED TO STAY UP LATE ON NEW YEAR'S EVE. MIDDLE AGE IS WHEN YOU'RE FORCED TO." *Bill Vaughn* And battle weary Traders may be looking to hang it up early for the night, after enduring days and weeks on end of extreme market volatility. And last week was no exception, as the assassination of former Pakistani Prime Minister and current opposition leader Benazir Bhutto brought on even more volatile moves in the markets.

There is global concern over the possibility that the Pakistani government may become destabilized - and if this should happen, which political faction may end up in power with control over its nuclear arsenal. This is a very good example of how unforeseen political events from around the world can impact home loan rates, as Bonds trade in response to the headlines. Following the assassination, Bond prices moved higher upon the increased demand for the "safe haven" found in Bonds, and **home loan rates improved by about .125% for the week overall.**

BRING THE CHAMPAGNE...AND THESE FASCINATING BITS OF NEW YEARS TRIVIA...TO YOUR HOLIDAY CELEBRATIONS, BY READING THIS WEEK'S MORTGAGE MARKET VIEW. AND MOST IMPORTANTLY - I WISH YOU AND YOURS A VERY HAPPY AND HEALTHY 2008!

Forecast for the Week ▶

The financial markets will be closed early on Monday, and fully closed on Tuesday in observance of the New Year. But the balance of the week contains several important economic releases, including the "Minutes" from the Federal Reserve's last policy meeting. Since not all voting members agreed with the decision to cut the Fed Funds Rate by .25%, the discussion between voting and non-voting members could be fairly interesting, and provide insight as to the Fed's moves in the New Year.

Remembering that when Bond pricing moves higher, home loan rates move lower - and vice versa - the chart below shows how volatile the action has been in recent days and weeks. This is why we feel it is so important for us to be well informed, and in turn, keep you advised. The climate has been volatile both for rates and the mortgage industry at large - so we know that it is more important than ever that you, your friends, family members, clients and neighbors have an association with a real professional who is "in the know". If you know anyone who would like to receive this informative newsletter - just let me know, and I will add them free of charge. And as this New Year opens, please contact me if I can be of service to you at this time.

Chart: Fannie Mae 5.5% Mortgage Bond (Friday Dec 28, 2007)



The Mortgage Market View...

LOOKING BACK ON THE 'NEW YEAR'

Did you know that New Year's Day was first observed about 4,000 years ago? Back then, the Babylonians celebrated New Year's at the beginning of spring with festivities that lasted up to eleven days.

As we head into our own New Year's celebration, it's a good time to look back on the events and traditions that have shaped how we ring in the New Year. To test your knowledge, try to answer the five questions below from the New Year's trivia challenge on www.holidayquiz.com.

1. Which of the following is the most common New Year's resolution made by Americans?

- a. Find a Better Job
- b. Stop Smoking
- c. Save More Money
- d. Lose Weight

ANSWER: By and large, the most common New Year's resolution is to lose weight.

2. Who is responsible for us celebrating New Year's Day on January 1st?

- a. Pope Gregory
- b. Pope Benedict
- c. Julius Caesar
- d. Alexander the Great

ANSWER: In 153 BC, the Roman senate voted to make January 1st the first day of the New Year. But over the years, Roman emperors continued to tamper with the Calendar. It wasn't until Julius Caesar in 46 B.C. who

officially established January 1st as the first day of the New Year. However, in order to be in sync with the sun, Caesar had to declare one year to be 445 days long.

3. The month of January is named after whom?

- a. A Hindu Princess
- b. The Roman god Janus
- c. The Greek god Januarius
- d. A former Roman goddess

ANSWER: Known as the god of beginnings and the gatekeeper of doors and entrances, Janus was the Roman mythical king in early Rome. Similar to the logo used by Janus Funds, this Roman god was known for having the ability to look back and forward at the same time.

4. Between 1903 and 1915, what was the main New Year's Day event at the Rose Bowl Stadium?

- a. Football
- b. Soccer
- c. Chariot Races
- d. Sprint Running

ANSWER: According to their web site, the Tournament of Roses Association had decided to "enhance" the New Year's Day festivities by adding a football game. It was Stanford University vs. University of Michigan, but the lopsided game ended up being 49-0. That score prompted the Tournament to give up football in favor of Roman-style chariot races. Luckily, college football returned in 1916.

5. The Scottish tune Auld Lang Syne is commonly sang at the stroke of midnight on New Year's. What is the literal translation of the song's title: Auld Lang Syne?

- a. Old Long Ago
- b. Always Remembering You
- c. Another Year Passes
- d. Here We Go Again

ANSWER: The Scottish tune was written by Robert Burns and published in 1796. The literal translation of the title means Old Long Ago.

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 December 31 – January 04

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. December 31	10:00	Existing Home Sales	Nov	5.00M	5.00M	4.97M	Moderate
Wed. January 02	10:00	ISM Index	Dec	50.5	47.7	50.8	HIGH
Wed. January 02	02:00	FOMC Minutes	12/11				HIGH
Fri. January 04	08:30	Non-farm Payrolls	Dec	70K		94K	HIGH
Fri. January 04	08:30	Unemployment Rate	Dec	4.8%		4.7%	HIGH
Fri. January 04	08:30	Hourly Earnings	Dec	0.3%		0.5%	HIGH
Fri. January 04	08:30	Average Work Week	Dec	33.8		33.8	HIGH
Fri. January 04	10:00	ISM Services Index	Dec	53.5		54.1	Moderate

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