



Rockyfield Newsletter

US Economy & Housing Market

If this government shutdown continues for several weeks, the economy will suffer. This time is different from the one in 1995-1996 because we are still recovering from the great recession. Nonetheless, once the government gets back on track, it is a matter of time to recuperate.

The fight over the debt limit will be far greater in its consequences; it could cause a major structural damage to the international financial system. It is not a US issue. Those politicians may not foresee these serious risks. During the 2011 debt ceiling debates, many, including the media, did not seem to know the difference between shutdown and default. This time, the media are reporting more realistic picture of possible consequences, though talks are primarily centered on domestic issues like higher interest rates, stock market crash and economic recession as result of downgrading of the US debts.

The Treasury Department typically needs \$60 billion a day for various payments; the cash position seems to become \$30 billion on Oct. 17. If the debt limit is not raised, interest payments or repayments of the US Treasuries may fail. The expected consequences can be envisaged by understanding what roles the US Treasury and US dollar markets are performing in the international monetary or financial system. Foreign currency reserves of most countries are kept in US dollars with the US Treasury bills, notes and bonds. Every day, financial institutions use US Treasuries to manage their cash positions; in short, the US Treasury market serves like a bank account and is also used as a shelter in crisis. This is possible because the US Treasuries are considered risk free and completely liquid (i.e., a large amount can be traded instantly).

Should default happen, there are no alternatives; the international monetary system will halt. All interest rates directly or indirectly are based on US Treasury yields. There will be no way to determine corporate bond yields, mortgage rates, prime lending rates and everything. Besides, the

Seasonal Fall Slump Sets In? Prices Still Good

Allergy in Autumn

Allergy is widely warned in spring; however, the fall season can be as bad because pollen counts of weeds and grass like sage and ragweed increase in late summer and fall. Outdoor mold counts also rises in autumn.

Although fallen leaves are less in Southern California, mold spores will have a party and grow when water from sprinklers or rain makes piles of leaves on the ground wet. It is important to keep removing fallen leaves and cut grass if you want to minimize mold in the air. But even if you do, it will not help too much unless neighbors do the same.

Pollen counts will increase in the area with many wind-pollinated plants when strong winds blow as it often happens in the fall.

As pollen counts soar in the afternoon, it is recommended that you work in the garden in the morning or evening.

We hear the best prevention of disease is to wash our hands well and often. The same goes for allergies. Pollens and mold on hands and arms can get into your mouth or nose. Long sleeves and gloves helps. After working outdoors, change your clothes, wash your hands and gargle. If you want to use a mask, pick up a N95 grade. A cheap stuff does not work.

US dollar is the international trading currency; world trades, imports and exports, will be extremely difficult. If foreign governments rush to diversify their currency reserves, the US dollar will be in free fall.

Once the current financial system becomes broken, it is impossible to predict how long it will take to restore the system.

Palos Verdes Housing Market

Since spring, new listing rush persisted until August and then became inconsistent in numbers like over 20 or 9 per week in September. Then finally the number became small for three weeks. This helped the market inventory to shrink. Sales, which continued being brisk, showed a seasonal setback in October, after over 20 sales (escrow) were recorded during the last week of September.

Since early September, the market inventory swelled for the single family home market in Palos Verdes. However, a close look at each price range indicates the price ranges up to \$1,500,000 are still in very tight condition, while excess inventory is apparent for high priced listings. In short, the PV's main residential market segments are still healthy.

However, the perception of the excess inventory for the entire market and scarcity of low-end listings, which come and go quickly, suppressed prices last month. Prices stopped falling in late September due to fewer sales of low-end properties. While the market size has become smaller, good listings up to the mid price range will continue receiving multiple offers, especially for properties that offer special features like view or very attractive prices.

Closed sales in September amounted to 68. Since March, 68, 63, 61, 68, 70, 67, and 68 were sold (closed) every month. This 9-month figure already exceeds 2009 and compares to 2011. It is very likely that the total closed sale this year will be more than 700 which will be the first time since 2004. (Peak prices were in 2006 and 2007)

The market forecast for the rest of the year and early next year is at the mercy of the absurd politics. Mortgage loans may freeze if US default happens.

Environmental Hazards – Mold (1)

Molds are simple, microscopic organisms present virtually everywhere. For molds to grow and reproduce, they need only a food source - any organic materials - and moisture. They gradually destroy whatever they grow on. Mold growth on surfaces can often be seen in the form of discoloration, green, gray, brown, or black, and also white and other colors. Molds release countless tiny, lightweight spores into the air.

Everyone is exposed to some mold everyday without evident harm. Mold spores cause health problems when they are present in large numbers and people inhale many of them. The most important factor allowing mold to grow is moisture accumulation in the home. The common sources are: Flooding, leaky roofs, sprinkler spray hitting the house, plumbing, damp crawl space, steam, humidifier, wet clothes drying indoors, and etc.

Extensive indoor mold growth can make people sensitized and allergic to mold. Mold growth can also damage furnishings, clothes, shoes, and in extreme case, it can cause serious damage to the structure of the house.

There are few available standards for determining an acceptable amount of mold because some people are much more sensitive to mold spores than others. The CDHS does not recommend testing as a first step to determine if you have a mold problem. Mold inspection and cleanup are usually considered a homeowner's housekeeping task. If the total area of visible mold growth is larger than 100sf, you need to hire an experienced professional contractor. When cleaning up mold, use personal protective equipment such as a dust mask, safety goggles, and gloves. Clean up should begin after the moisture source is fixed and excess water has been removed. Caution: spores are more easily released when drying out. Visit www.cal-iaq.org for details.

To prevent indoor mold problems, take steps to eliminate sources of water as quickly as possible. It is important to keep the house dry and cool. We report a story based on our own experience in the next newsletter.

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(Direct service only, excl. loan documents; additional charge for a trip to your place.)

Please make an appointment with Catarina at 310-544-0857 ext. 2#



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SELECTED LISTINGS

Please contact Rockyfield

A: Active S: Sold B: Backup P: Pending
Prices in '000s. Source: MLS (as of 10/08/13)