



Calibrate | Focus | Execute

Market Conditions

April 19, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	99 8/32	-0.5/32	4.15	6.16%	3.79
FNMA15 5.0 MAY	98 8/32	-1/32	4.44	5.55%	4.06
GNMAI30 6.0 MAY	99 28/32	-1/32	4.09	6.21%	3.74

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	97 19/32	+0.5/32	4.41	4.68	4.35
10yr Treasury	95 2/32	+1.5/32	7.91	4.64	7.41
30yr Treasury	92 13/32	+3.5/32	16.13	4.73	14.83

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	37,980.00	+0.54%	Dollar	\$106.53	+0.19%
S&P 500	4,982.96	-0.56%	Gold	\$2,415.00	+0.71%
Nasdaq	15,369.58	-1.149%	Crude Oil	\$83.59	+1.04%

Economic Commentary

MBS prices are up slightly after little economic data today. For the third week in a row, stronger than expected major economic data was unfavorable for mortgage markets. First it was job gains, then inflation, and now consumer spending, which eclipsed forecasts. As a result, mortgage rates climbed again to the highest levels of the year. The unexpected strength in the economy led Fed officials to show less support for loosening monetary policy. Jerome Powell's comments on Tuesday pointed to the fact that over the last few months there has been little progress made in curbing inflation to the target 2.0% level.

Geopolitical risks abound in the wake of Israel's retaliatory strike on Iran. The safe-haven premium in Treasuries appears limited as Iran appears to not be in a hurry to strike back.

Oil switched to a decline, wiping out an earlier sharp jump that took the price of Brent crude above \$90 a barrel. Crude oil finished flat today, but still lost \$3.49 for the week, while the U.S. Dollar Index spent the day near its unchanged level at 106.15, finishing the week little changed. In the week ahead, our markets will benefit from a moratorium of commentary from fed officials ahead of the May 1st FOMC rate decision. Current projections show a 99.6% chance of the Federal target rate remaining the same. With this lack of Fed speak and data it may be a good time to add Treasury option into your hedge position.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, APRIL 18				
Initial jobless claims	13-Apr	212,000	215,000	212,000
Philadelphia Fed manufacturing survey	April	15.50	2.50	3.20
Existing home sales	March	4.19 million	4.20 million	4.38 million
U.S. leading economic indicators	March	-0.30%	0.00	0.20%
FRIDAY, APRIL 19				
None scheduled				
MONDAY, APRIL 22				
None scheduled				
TUESDAY, APRIL 23				
S&P flash U.S. services PMI	April	Waiting for Results	--	51.70
S&P flash U.S. manufacturing PMI	April	Waiting for Results	--	51.90
New home sales	March	Waiting for Results	--	662,000
WEDNESDAY, APRIL 24				
Durable-goods orders	March	Waiting for Results	--	1.30%
Durable-goods minus transportation	March	Waiting for Results	--	0.50%
THURSDAY, APRIL 25				
GDP	Q1	Waiting for Results	--	3.40%
Initial jobless claims	20-Apr	Waiting for Results	--	0.00%
Advanced U.S. trade balance in goods	March	Waiting for Results	--	-\$90.6B
Advanced retail inventories	March	Waiting for Results	--	0.50%
Advanced wholesale inventories	March	Waiting for Results	--	0.50%
Pending home sales	March	Waiting for Results	--	1.60%

Chart of the Day: Target Rate Probabilities for 1 May 2024 Fed Meeting



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Sources: Bloomberg, Reuters, MarketWatch.com, mortgagenewsdaily.com, advisorsperspectives.com, taintedalpha.com, options express, yahoo finance, estimote.com, stockcharts.com, tradingeconomics.com, dshort.com