



Calibrate | Focus | Execute

Market Conditions

April 15, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	99 10/32	-13/32	4.16	6.16%	3.80
FNMA15 5.0 MAY	98 12/32	-15/32	4.43	5.57%	4.05
GNMA130 6.0 MAY	99 24/32	-11/32	4.06	6.22%	3.72

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	97 20/32	-13/32	4.41	4.67	4.35
10yr Treasury	94 31/32	-28/32	7.91	4.64	7.41
30yr Treasury	92 4/32	-1 23/32	16.13	4.73	14.83

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,129.21	+0.39%	Dollar	\$106.08	+0.04%
S&P 500	5,139.36	+0.32%	Gold	\$2,367.20	-0.30%
Nasdaq	16,191.08	+0.11%	Crude Oil	\$84.58	-1.27%

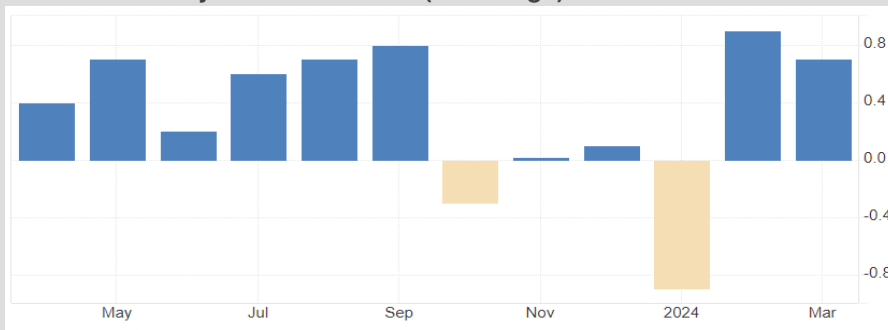
Economic Commentary

MBS prices are down about 13/32 this morning while the DOW is up about 160 points as yields on benchmark U.S. 10-year Treasuries jumped to their highest level since November on Monday after stronger-than-expected retail sales data from March suggested the Federal Reserve could delay cutting interest rates this year. The hotter-than-expected reading, in which retail sales rose 0.7% last month, more than double the 0.3% expected by economists polled by Reuters, followed data last week that suggested inflation remains stickier than markets had expected. The key takeaway from the report is that the U.S. consumer, fortified by a strong job market, continued to spend freely in March in an act that will continue to support the soft landing/no landing outlook for the U.S. economy. Futures markets are now pricing in 41 basis points in rate cuts by the end of December, down from more than 160 basis points in expected cuts at the start of the year. "The market narrative has shifted to this idea of 'How can the Fed really cut when the economy is moving along this strong?'," said Charlier Ripley, senior investment strategist for Allianz Investment Management. "The escalation of the conflict in the Middle East has contributed further to the inflationary angst that is defining the U.S. rates market at the moment," said Ian Lyngen, head of U.S. rates strategy at BMO Capital Markets. "The stickiness of realized inflation demonstrated via the Q1 data has only served to reinforce concerns that there is another leg higher in the offing." The NAHB/Wells Fargo Housing Market Index in the US held steady at 51.0 in April 2024, maintaining its highest level since July 2023 and marking a departure from four consecutive months of increases, as uncertainty surrounding interest rates has left potential home buyers hesitant. The gauge for current sales conditions increased one point to 57, and the component gauging traffic of prospective buyers increased one point to 35. On the other hand, the gauge for sales expectations in the next six months fell two points to 60. "April's flat reading suggests potential for demand growth is there, but buyers are hesitating until they can better gauge where interest rates are headed," said NAHB Chief Economist Robert Dietz. "With the markets now adjusting to rates being somewhat higher due to recent inflation readings, we still anticipate the Federal Reserve will announce future rate cuts later this year, and that mortgage rates will moderate in the second half of 2024."

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
MONDAY, APRIL 15				
Empire State manufacturing survey	April	-14.30	-10.00	-20.90
U.S. retail sales	March	0.70%	0.30%	0.90%
Retail sales minus autos	March	1.10%	0.50%	0.60%
Business inventories	Feb.	0.40%	0.40%	0.00%
Home builder confidence index	April	51.00	52.00	51.00
TUESDAY, APRIL 16				
Housing starts	March	Waiting for Results	--	1.52 million
Building permits	March	Waiting for Results	--	1.52 million
Industrial production	March	Waiting for Results	--	0.00
Capacity utilization	March	Waiting for Results	--	0.78
WEDNESDAY, APRIL 17				
Fed Beige Book				
THURSDAY, APRIL 18				
Initial jobless claims	13-Apr	Waiting for Results	--	211,000
Philadelphia Fed manufacturing survey	April	Waiting for Results	--	3.20
Existing home sales	March	Waiting for Results	--	4.38 million
U.S. leading economic indicators	March	Waiting for Results	--	0.10%
FRIDAY, APRIL 19				
None scheduled				

Chart of the Day: US Retail Sales (% Change)



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