



Calibrate | Focus | Execute

Market Conditions

May 1, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	99 8/32	+5/32	4.45	6.22%	3.90
FNMA15 5.0 MAY	98 9/32	+3/32	4.54	5.55%	3.98
GNMAI30 6.0 MAY	100 11/32	+4/32	3.72	6.12%	3.26

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 22/32	+4/32	4.41	4.68	4.18
10yr Treasury	94 28/32	+7/32	7.58	4.64	6.83
30yr Treasury	92 1/32	+15/32	14.97	4.75	13.20

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	37,925.99	+0.28%	Dollar	\$106.20	-0.02%
S&P 500	5,023.87	-0.26%	Gold	\$2,316.40	+0.61%
Nasdaq	15,613.13	-0.29%	Crude Oil	\$79.76	-2.65%

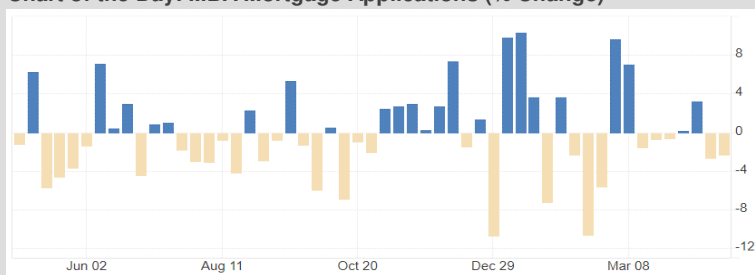
Economic Commentary

MBS prices are up about 5/32 this morning while the DOW is up about 130 points as disappointing earnings dented AI hopes while investors waited for the Federal Reserve's policy decision and clues to the chances of rate cuts. The Fed is widely expected to keep rates at a 23-year high later Wednesday, which means investors are focused on what clues Chair Jerome Powell has to offer about when and whether easing might begin. Given inflation is proving harder to cool than foreseen, many expect Powell to reiterate the message that policymakers can afford to wait for price pressures to ease further before acting. Today's economic reports showed that the April ISM Manufacturing Index checked in at 49.2% (Briefing.com consensus 50.0%), down from 50.3% in March. The latter was the first reading above 50.0% since September 2022, so the April ISM reading indicates a return to contraction for the manufacturing sector. The key takeaway from the report is that it painted a mixed picture the market doesn't like to see: weakening manufacturing activity and a faster increase in prices. Total construction spending decreased 0.2% month-over-month in March (Briefing.com consensus 0.4%) following an upwardly revised flat reading (from -0.3%) in February. Total private construction was down 0.5% month-over-month while total public construction was up 0.8% month-over-month. On a year-over-year basis, total construction spending was up 9.6%. The key takeaway from the report is that residential spending was weak, perhaps reflecting the effects of higher financing costs and tighter lending standards for new construction projects. According to data released by Automatic Data Processing (ADP) private sector employment in the US increased by 192K jobs. Market consensus, in the meantime, was expecting a gain of 175K jobs for that period. Furthermore, the reading came in below March's increase of 208K jobs. ADP's Chief Economist Nela Richardson: "Hiring was broad-based in April. Only the information sector — telecommunications, media, and information technology — showed weakness, posting job losses and the smallest pace of pay gains since August 2021." Mortgage applications in the US fell by 2.3% from the previous week in the period ending April 26th, extending the two-month-high decline of 2.7% from the earlier week, according to data compiled by the MBA. The continued drop was in line with another fresh increase in mortgage rates (+5bps to a five-month high of 7.29%), as expectations that high inflation will force the Federal Reserve to maintain interest rates higher for longer triggered a sharp increase in long-dated Treasury yields. Applications to refinance a home fell by 3% from the earlier week, while applications for a mortgage to purchase a new home fell by 2%. In the meantime, elevated mortgage rates drove adjustable-rate mortgages to a total of 7.8% of total contracts in the week, the most this year.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
WEDNESDAY, MAY 1				
ADP employment	April	192,000	175,000	208,000
Construction spending	March	-0.20%	0.40%	0.00%
ISM manufacturing	April	49.20%	50.0%	50.30%
Job openings	March	8.5 million	8.7 million	8.8 million
FOMC interest-rate decision				
Fed Chair Powell press conference				
THURSDAY, MAY 2				
Initial jobless claims	27-Apr	Waiting for Results	210,000	207,000
U.S. trade deficit	March	Waiting for Results	-\$69.2B	-\$68.9B
U.S. productivity	Q1	Waiting for Results	1.00%	3.20%
U.S. unit-labor costs	Q1	Waiting for Results	3.00%	0.40%
Factory orders	March	Waiting for Results	1.60%	1.40%
FRIDAY, MAY 3				
U.S. employment report	April	Waiting for Results	250,000	303,000
U.S. unemployment rate	April	Waiting for Results	3.80%	3.80%
U.S. hourly wages	April	Waiting for Results	0.30%	0.30%
Hourly wages year over year	2023-2024	Waiting for Results	--	4.10%
ISM services	April	Waiting for Results	52.00%	51.40%
MONDAY, MAY 6				
None scheduled				
TUESDAY, MAY 7				
Consumer credit	April	Waiting for Results	--	\$14.1B
WEDNESDAY, MAY 8				
Wholesale inventories	March	Waiting for Results	--	0.50%
THURSDAY, MAY 9				
Initial jobless claims	5-May	Waiting for Results	--	--
FRIDAY, MAY 10				
Consumer sentiment (prelim)	May	Waiting for Results	--	77.20
Monthly U.S. federal budget	April	Waiting for Results	--	-\$236B
U.S. unemployment rate	April	Waiting for Results	--	3.80%
U.S. hourly wages	April	Waiting for Results	--	0.30%
Hourly wages year over year	2023-2024	Waiting for Results	--	4.10%

Chart of the Day: MBA Mortgage Applications (% Change)



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Sources: Bloomberg, Reuters, MarketWatch.com, mortgageweekly.com, advisorperspectives.com, taintedalpha.com, options express, yahoo finance, estimize.com, stockcharts.com, tradingeconomics.com, dshort.com