



Calibrate | Focus | Execute

Market Conditions

May 2, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	99 24/32	+9/32	4.49	6.13%	3.93
FNMA15 5.0 MAY	98 22/32	+7/32	4.52	5.49%	3.96
GNMAII30 6.0 MAY	100 21/32	+6/32	3.72	6.03%	3.25

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 4/32	+8/32	4.41	4.59	4.19
10yr Treasury	95 12/32	+10/32	7.58	4.59	6.83
30yr Treasury	92 9/32	+8/32	14.97	4.74	13.20

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,096.60	+0.51%	Dollar	\$105.37	-0.25%
S&P 500	5,044.07	+0.51%	Gold	\$2,308.40	-0.10%
Nasdaq	15,753.61	+0.94%	Crude Oil	\$79.06	+0.06%

Economic Commentary

MBS prices are up about 9/32 this morning while the DOW is up about 240 points after the Fed day storm, as investors set aside rate worries for now to focus on Apple earnings and the coming monthly jobs report. Jerome Powell played down the likelihood of an interest-rate hike, bringing relief to investors worried that recent signs of "sticky" inflation might prompt that move. As Powell again stressed the Fed is still depending on data to shape its thinking, the April jobs report due Friday is in full focus. Wall Street is watching for any signs of cracks in the strong labor market story, a key factor for policymakers. Initial jobless claims for the week ending April 27 were unchanged at 208,000 (Briefing.com consensus 213,000). Continuing jobless claims for the week ending April 20 were also unchanged at 1.774 million. With no change in initial jobless claims, the key takeaway also remains unchanged from last week: employers, in general, are reluctant to cut jobs, which will be interpreted to mean that they remain generally optimistic about demand. That's not a bad thing, unless one is hoping for a rate cut. The Q1 Productivity report isn't going to move the needle on rate cut hopes. Nonfarm business sector labor productivity was a lowly 0.3% in the first quarter (Briefing.com consensus 0.8%) following an upwardly revised 3.5% (from 3.2% in the fourth quarter. Unit labor costs, meanwhile, surged 4.7% in the first quarter following a downwardly revised 0.0% reading (from 0.4%) in the fourth quarter. The key takeaway from the report is that unit labor cost number, stemming in part from a 5.0% increase in hourly compensation, which is still too far detached from an inflation-friendly reading insofar as the Fed is concerned. The March Trade Balance Report showed little change in the trade deficit, which improved by \$0.1 billion to \$69.4 billion (Briefing.com consensus -\$69.0 billion) from a downwardly revised \$69.5 billion (from -\$68.9 billion) in February. The key takeaway from the report was that exports (-\$5.3 billion) and imports (-\$5.4 billion) both decreased month-over-month, signaling some softness in global trade activity in March. Factory orders increased 1.6% month-over-month in March (Briefing.com consensus 1.6%) after increasing a revised 1.2% (from 1.4%) in February. Excluding transportation, factory orders increased 0.5% on the heels of a 1.1% increase in February. Shipments of manufactured goods were up 0.3% after increasing 1.4% in February. The key takeaway from the report is that there was a pickup in new orders in March for durable and nondurable goods, demonstrating that demand for manufactured goods has not fallen by the wayside.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, MAY 2				
Initial jobless claims	27-Apr	208,000	213,000	208,000
U.S. trade deficit	March	-64.4B	-\$69.0B	-\$68.5B
U.S. productivity	Q1	.30%	0.80%	3.50%
U.S. unit-labor costs	Q1	4.70%	3.00%	0.0%
Factory orders	March	1.60%	2.5%	1.2%
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	2023-2034	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: US Initial Jobless Claims (Thousands)

