



Calibrate | Focus | Execute

Market Conditions

May 3, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	100 6/32	+12/32	4.48	6.06%	3.93
FNMA15 5.0 MAY	98 10/32	+13/32	4.55	5.42%	3.98
GNMAII30 6.0 MAY	101 1/32	+11/32	3.72	5.99%	3.25

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 18/32	+11/32	4.41	4.47	4.19
10yr Treasury	95 30/32	+17/32	7.58	4.50	6.83
30yr Treasury	93 4/32	+25/32	14.97	4.67	13.20

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,582.15	+0.93%	Dollar	\$104.86	-0.29%
S&P 500	5,110.12	+0.90%	Gold	\$2,299.91	-0.44%
Nasdaq	16,105.83	+1.68%	Crude Oil	\$78.66	-0.35%

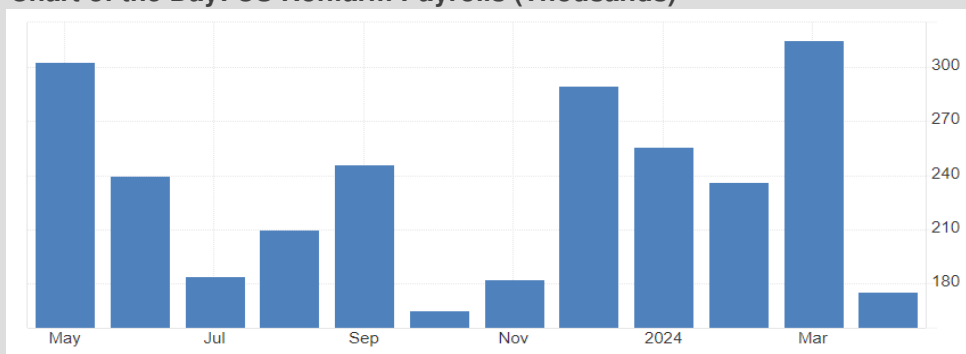
Economic Commentary

MBS prices are up about 12/32 this morning while the DOW is up about 325 points as upbeat earnings from Apple lifted spirits and a weaker-than-expected jobs report revived bets that the Federal Reserve could cut interest rates sooner than thought. Nonfarm payrolls increased a smaller-than-expected 175,000 (Briefing.com consensus 250,000), average hourly earnings were up a smaller-than-expected 0.2% (Briefing.com consensus 0.3%), the unemployment rate was up a higher-than-expected 3.9% (Briefing.com consensus 3.8%), and the average workweek was a smaller-than-expected 34.3 hours (Briefing.com consensus 34.4). The key takeaway is that this compilation is more than adequate to suggest the economy will remain in a growth mode, which is good for earnings, and plenty suitable to validate Fed Chair Powell's belief that the next policy move by the Fed won't be a rate hike. The report pushed up bets on a sooner-than-expected rate cut from the Fed. According to the CME FedWatch tool, traders saw a roughly 50-50 chance of a cut at its July meeting, up sharply from Thursday. The ISM Services PMI decreased to 49.4% in April (Briefing.com consensus 51.8%) from 51.4% in March. The dividing line between expansion and contraction is 50.0%, so the April reading reflects services sector activity contracting. April marked the first contraction reading since December 2022. The key takeaway from the report is the worrying combination of a contraction in services sector activity and a pickup in prices paid. The economy is not in stagflation, but this particular report will be cited by some to advance that narrative.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
FRIDAY, MAY 3				
U.S. employment report	April	175,000	250,000	315,000
U.S. unemployment rate	April	3.90%	3.80%	3.80%
U.S. hourly wages	April	0.20%	0.30%	0.30%
Hourly wages year over year	2023-2024	3.90%	0	4.10%
ISM services	April	49.40%	51.80%	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 Nonfarm Payrolls (Thousands)



Mortgage Capital Management, Inc. | 858-483-4404 | info@mortcap.com | mortcap.com

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