



Calibrate | Focus | Execute

Market Conditions

May 8, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	100 3/32	-3/32	4.48	6.07%	3.64
FNMA15 5.0 MAY	99 6/32	-4/32	4.53	5.41%	3.68
GNMAII30 6.0 MAY	101 1/32	-2/32	3.70	6.03%	3.01

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 18/32	-3/32	4.41	4.49	3.91
10yr Treasury	96 5/32	-5/32	7.58	4.49	6.35
30yr Treasury	93 29/32	-14/32	14.97	4.63	12.25

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,952.78	+0.18%	Dollar	\$105.54	+0.12%
S&P 500	5,180.02	-0.15%	Gold	\$2,325.10	+0.03%
Nasdaq	16,275.55	-0.35%	Crude Oil	\$78.79	+0.52%

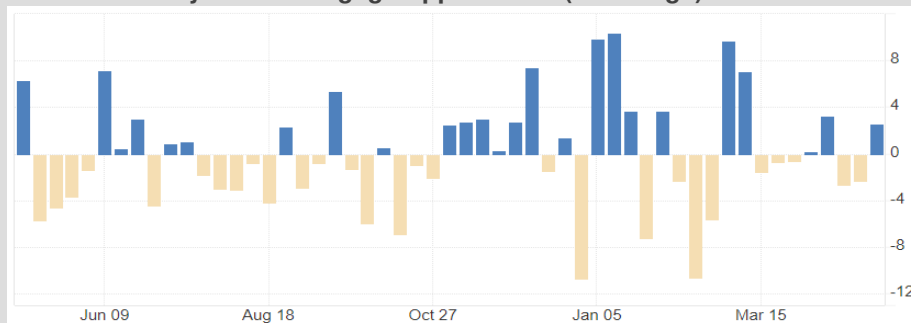
Economic Commentary

MBS prices are down about 3/32 this morning while the DOW is up about 85 points as investors tried to read the rate-cut runes and weighed a fresh batch of earnings reports for insight into the chance of a corporate America-spurred revival. While stocks have notched a string of gains in recent days, the rally lost some steam as Federal Reserve policymaker Neel Kashkari signaled that rates are likely to stay at historic highs for a while. The Minneapolis Fed chief's comment that a hike isn't off the table either knocked hopes for an earlier easing in policy that had been buoyed by other Fed speakers. Fed officials Lisa Cook and Philip Jefferson are slated to speak today. Uncertainty about corporate earnings also gave some investors pause as the season entered its final stretch. While techs have mainly delivered on high expectations, the focus is now on whether other sectors can match up. Today's lone economic report showed that wholesale inventories decreased by 0.4% month-over-month in March 2024, matching the advance estimate and following a downwardly revised 0.2% rise in the prior month. Nondurables stocks saw a decrease of 1.1%, following a previous fall of 0.5%, mainly on account of farm products (-2.3%). Additionally, inventories of durable goods fell by 0.1% in March, after a 0.7% increase in the prior month, as the increases in stocks of computer equipment (+2.4%), furniture (+1%) and lumber (+0.8%) were not enough to offset a decline in those of metals (-1.6%) and miscellaneous durable products (-1%). Yearly, wholesale inventories shrank by 2.3% in March, compared to an initial reading of a 2.1% drop. Mortgage applications in the US rose by 2.6% from the previous week in the period ending May 3rd, recovering from the 2.3% decline in the earlier period and halting two consecutive weeks of sharp declines in mortgage demand, according to data from the MBA. The development was consistent with an 11bps reduction in benchmark mortgage rates to 7.18%, tracking the drop in long-dated Treasury yields following a weak jobs report and dovish signs from the Fed's policy decision. Applications for mortgages to purchase a new home rose by 1.8%, while those to refinance a home jumped by 4.5%.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
WEDNESDAY, MAY 8				
Wholesale inventories	March	Waiting for Results	-0.40%	0.50%
THURSDAY, MAY 9				
Initial jobless claims	4-May	Waiting for Results	212,000	208,000
FRIDAY, MAY 10				
Consumer sentiment (prelim)	May	Waiting for Results	76.00	77.20
Monthly U.S. federal budget	April	Waiting for Results	\$262.5B	-\$236B
MONDAY, MAY 13				
None scheduled				
TUESDAY, MAY 14				
NFIB optimism index	April	Waiting for Results	--	89
Producer price index	April	Waiting for Results	--	0
PPI year over year	0-Jan	Waiting for Results	--	0
Core PPI	April	Waiting for Results	--	0
Core PPI year over year	0-Jan	Waiting for Results	--	0
WEDNESDAY, MAY 15				
Consumer price index	April	Waiting for Results	--	0
CPI year over year	0-Jan	Waiting for Results	--	0
Core CPI	April	Waiting for Results	--	0
Core CPI year over year	0-Jan	Waiting for Results	--	0
U.S. retail sales	April	Waiting for Results	--	0
Retail sales minus autos	April	Waiting for Results	--	0
Empire State manufacturing survey	May	Waiting for Results	--	-14

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



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