



Calibrate | Focus | Execute

Market Conditions

May 9, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 MAY	100 6/32	+4/32	4.48	6.05%	3.64
FNMA15 5.0 MAY	99 6/32	+2/32	4.53	5.43%	3.68
GNMA1130 6.0 MAY	101 1/32	+4/32	3.70	6.04%	3.01

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 19/32	+1/32	4.41	4.49	3.91
10yr Treasury	96 4/32	+1/32	7.58	4.49	6.34
30yr Treasury	93 21/32	-2/32	14.97	4.65	12.25

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	39,257.92	+0.51%	Dollar	\$105.31	-0.22%
S&P 500	5,206.01	+0.34%	Gold	\$2,337.70	+0.65%
Nasdaq	16,346.95	+0.24%	Crude Oil	\$79.28	+0.37%

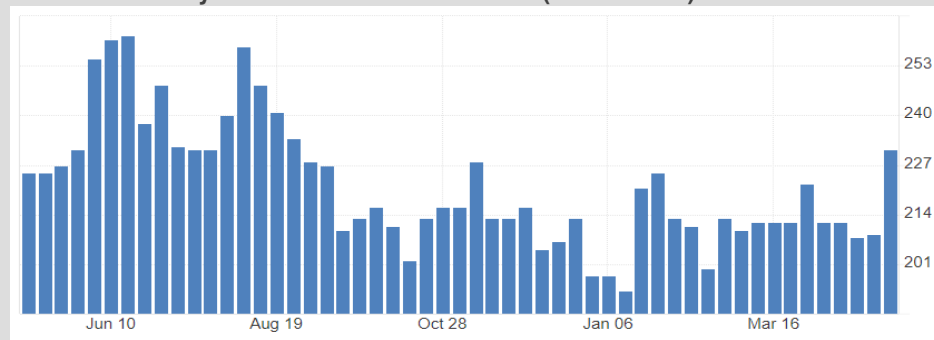
Economic Commentary

MBS prices are up about 4/32 this morning while the DOW is up about 200 points as a fresh earnings batch provided mixed results and a reading on unemployment claims showed evidence that the labor market continues to cool. Stocks have lost some of their bounce, but mostly avoided bigger losses, after a growing chorus of Federal Reserve officials made it clear that interest rates will need to stay higher for longer, with resistant inflation the sticking point. For the week ending May 4, initial jobless claims increased by 22,000 to 231,000 (Briefing.com consensus 213,000), which is the highest count since last August. Continuing jobless claims for the week ending April 27 increased by 17,000 to 1.785 million. The four-week moving average for initial claims, which removes week-to-week volatility, jumped by 4,750 to 215,000. On a non-seasonally adjusted basis, claims rose by 19,690 to 209,324, with sharp increases noted in New York (10,248) California (4,198), Indiana (2,439), and Illinois (2,003). The key takeaway from the report is the jump in initial claims, which will be construed as a sign of softening in the labor market. That view, in turn, will be construed as a possible trigger for a Fed rate cut in coming months. "We do not think that this is necessarily a sign of rapidly deteriorating conditions in the labor market," Jefferies US economist Tom Simons, who had been projecting a labor market slowdown at some point this year, wrote in a research note following the report. He added: "The prints of the previous two weeks were the lowest for initial claims since mid-February, and claims remain locked in an improbably tight range for the last few weeks in the interim. They were bound to break at some point." Oxford Economics lead US economist Nancy Vanden Houten said that given the surprise uptick, it will be important to follow the data series in the weeks ahead. "If the higher level of claims persists or if claims rise further, it would be a sign of a further loosening in labor market conditions," Vanden Houten wrote in a note following the release. "However, one week of data doesn't change our call for the Fed to keep interest rates at current levels until September."

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, MAY 9				
Initial jobless claims	4-May	231,000	213,000	209,000
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	--	88.50
Producer price index	April	Waiting for Results	--	0.20%
PPI year over year	0-Jan	Waiting for Results	--	2.10%
Core PPI	April	Waiting for Results	--	0.20%
Core PPI year over year	0-Jan	Waiting for Results	--	2.80%
WEDNESDAY, MAY 15				
Consumer price index	April	Waiting for Results	--	0.30%
CPI year over year	0-Jan	Waiting for Results	--	3.50%
Core CPI	April	Waiting for Results	--	0.40%
Core CPI year over year	0-Jan	Waiting for Results	--	3.80%
U.S. retail sales	April	Waiting for Results	--	0.70%
Retail sales minus autos	April	Waiting for Results	--	0.90%
Empire State manufacturing survey	May	Waiting for Results	--	-14.30

Chart of the Day: US Initial Jobless Claims (Thousands)



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