



Market Conditions

May 16, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 JUNE	100 22/32	-4/32	4.48	5.98%	3.53
FNMA15 5.0 JUNE	99 11/32	-6/32	4.53	5.31%	3.57
GNMAII30 6.0 JUNE	100 25/32	-4/32	3.64	6.04%	2.86

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	101 1/32	-6/32	4.41	4.38	3.80
10yr Treasury	100 1/32	-7/32	7.58	4.36	6.15
30yr Treasury	101 27/32	-5/32	14.97	4.51	11.87

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	39,896.87	-0.01%	Dollar	\$104.60	+0.25%
S&P 500	5,312.37	+0.08%	Gold	\$2,378.30	-0.70%
Nasdaq	16,758.11	+0.09%	Crude Oil	\$79.68	+1.30%

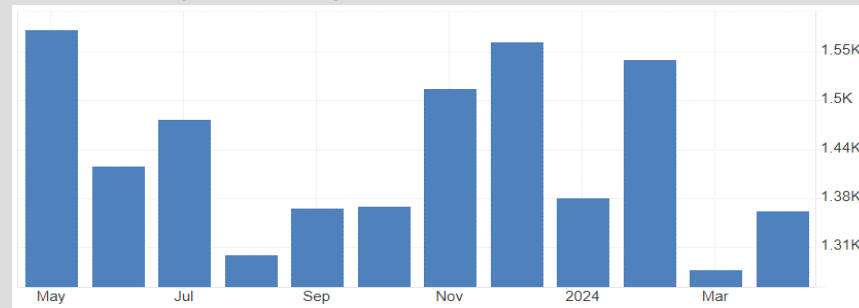
Economic Commentary

MBS prices are down about 4/32 this morning while the DOW is down about 20 points after a record-setting rally as signs of cooling inflation continued to spur bets for a Federal Reserve rate cut in September. Trader bets on a Fed rate cut in September rose to over 70%, per the CME FedWatch Tool, amid rising speculation about an easing as soon as July. Today's bevy of economic reports showed that initial jobless claims for the week ending May 11 decreased by 10,000 to 222,000 (Briefing.com consensus 218,000). Continuing jobless claims for the week ending May 4 increased by 13,000 to 1.794 million. The key takeaway from the report is that the level of initial jobless claims remains supportive of an economy that is not steering toward a recession. Housing starts increased 5.7% month-over-month in April to a seasonally adjusted annual rate of 1.360 million units (Briefing.com consensus 1.440 million). Building permits declined 3.0% month-over-month to a seasonally adjusted annual rate of 1.440 million (Briefing.com consensus 1.488 million). The key takeaway from the report is that there wasn't any strength in single-unit starts (-0.4% month-over-month) or single-unit permits (-0.8%), which is a setback for an inventory-constrained existing home market dealing with the added constraint of high mortgage rates and high prices that have created affordability pressures. Import prices increased 0.9% month-over-month in April (+1.1% yr/yr). Excluding fuel, they were up 0.7% (+0.9% yr/yr). Export prices rose 0.5% month-over-month in April (-1.0% yr/yr). Excluding agricultural products, they were up 0.7% (+0.1% yr/yr). The key takeaway from the report is that import and nonfuel import prices have accelerated in each of the last two months, which is contributing to inflation sticking stubbornly above the Fed's 2% target. The Philadelphia Fed Index for May checked in at 4.5 (Briefing.com consensus 5.0) versus 15.5 in April. A number above 0.0 is indicative of expansion, so the May reading connotes a slowdown in the pace of expansion versus the prior month. The key takeaway from the report is that manufacturing activity in the Philadelphia Fed region is still positive, but weakened in May in a manner that fits with a slower growth narrative.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, MAY 16				
Initial jobless claims	11-May	222,000	218,000	232,000
Philadelphia Fed manufacturing survey	May	4.5	5.00	15.50
Housing starts	April	1.36 million	1.44 million	1.29 million
Building permits	April	1.44 million	1.49 million	1.48 million
Import price index	April	0.90%	0.20%	0.60%
Import price index minus fuel	April	0.70%	--	0.20%
Industrial production	April	0.0%	0.20%	0.10%
Capacity utilization	April	78.4%	78.40%	78.50%
FRIDAY, MAY 17				
U.S. leading economic indicators	April	Waiting for Results	-0.30%	-0.30%
MONDAY, MAY 20				
None scheduled				
TUESDAY, MAY 21				
None scheduled				
WEDNESDAY, MAY 22				
Existing home sales	April	Waiting for Results	--	4.19 million
Minutes of Fed's May FOMC meeting				
THURSDAY, MAY 23				
Initial jobless claims	11-May	Waiting for Results	--	222,000
S&P flash U.S. services PMI	May	Waiting for Results	--	51.70
S&P flash U.S. manufacturing PMI	May	Waiting for Results	--	50.00
New home sales	April	Waiting for Results	--	693,000
FRIDAY, MAY 24				
Durable-goods orders	April	Waiting for Results	--	--
Durable-goods minus transportation	April	Waiting for Results	--	--
Consumer sentiment (final)	May	Waiting for Results	--	--

Chart of the Day: US Housing Starts (Millions)



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Sources: Bloomberg, Reuters, MarketWatch.com, mortgagenewsdaily.com, advisorspectives.com, tairtelalpha.com, options express, yahoo finance, eslimize.com, stockcharts.com, tradingeconomics.com, dshort.com