



Calibrate | Focus | Execute

Market Conditions

June 7, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 JUNE	100 9/32	-13/32	4.46	6.03%	4.16
FNMA15 5.0 JUNE	99 7/32	-8/32	4.52	5.37%	4.22
GNMAII30 6.0 JUNE	100 13/32	-12/32	3.65	6.09%	3.41

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 8/32	-19/32	4.40	4.44	4.43
10yr Treasury	99 22/32	-31/32	7.81	4.42	7.47
30yr Treasury	101 15/32	-1 20/32	15.68	4.54	14.72

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,978.98	+0.24%	Dollar	\$104.87	+0.74%
S&P 500	5,368.64	+0.29%	Gold	\$2,326.90	-2.61%
Nasdaq	17,211.34	+0.22%	Crude Oil	\$75.47	-0.12%

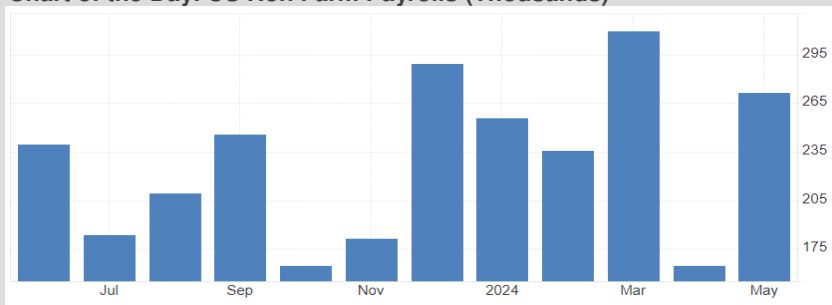
Economic Commentary

MBS prices are down about 13/32 this morning while the DOW is up about 60 points after a jobs report seen as pivotal to expectations for interest-rate cuts showed much stronger hiring growth than expected. The US economy added 272,000 jobs in May, smashing expectations. However, the unemployment rate did tick higher, rising to 4.0%. This reinforced the idea that pulling back rates from their two-decade high likely won't come until the Fall. But the report also contained data for both optimists and pessimists say Bill Adams, chief Economist for Comerica Bank. "Optimists about the growth outlook will see solid payrolls growth as a sign the expansion continues unabated," said Adams, in a note on Friday. "Pessimists will focus on the unemployment rate's uptick to the highest since early 2022, the increase in part-time employment, and the dip in temporary employment, which is often a leading indicator of broader job market weakness." How market observers interpret how the latest jobs figures play into the interest rate outlook can also be interpreted in different ways. "Most Fed policymakers will see May's strong payrolls growth and uptick in earnings as a sign that immediate rate cuts are not necessary," Adams noted. But the Fed will also see the increase in unemployment over the past year as a sign that inflation is on course to moderate further, he added. "If core inflation continues to slow in the next few months, the Fed will likely feel comfortable beginning to reduce interest rates with a quarter percentage point rate cut at their September meeting." U.S. Treasuries continue hovering just above lows that were notched in immediate reaction to the stronger-than-expected jobs report for May. The market has spent the better part of the past two hours in a sideways range with yields hovering near their closing levels from Monday. The pullback leaves the 10-yr yield down ten basis points for the week while the 2-yr yield is currently down four basis points for the week.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
FRIDAY, JUNE 7				
U.S. employment report	May	272,000	185,000	165,000
U.S. unemployment rate	May	4.00%	3.90%	3.90%
U.S. hourly wages	May	0.40%	0.30%	0.20%
Hourly wages year over year	2023-2024	4.10%	3.90%	3.90%
Wholesale inventories	April	0.10%	0.20%	-0.50%
Consumer credit	May	Waiting for Results	\$10.2B	\$6.3B
MONDAY, JUNE 10				
None scheduled				
TUESDAY, JUNE 11				
NFIB optimism index	May	Waiting for Results	--	89.70
WEDNESDAY, JUNE 12				
Consumer price index	May	Waiting for Results	--	0.30%
CPI year over year	May	Waiting for Results	--	0.30%
Core CPI	May	Waiting for Results	--	3.40%
Core CPI year over year	2023-2024	Waiting for Results	--	3.60%
Monthly U.S. federal budget	May	Waiting for Results	--	\$210B
FOMC interest-rate decision				
Jerome Powell press conference				
THURSDAY, JUNE 13				
Initial jobless claims	8-Jun	Waiting for Results	--	--
Producer price index	May	Waiting for Results	--	0.50%
PPI year over year	2023-2024	Waiting for Results	--	2.20%
Core PPI	May	Waiting for Results	--	0.40%
Core PPI year over year	2023-2024	Waiting for Results	--	--
FRIDAY, JUNE 14				
Import price index	May	Waiting for Results	--	--
Import price index minus fuel	May	Waiting for Results	--	--
Consumer sentiment (prelim)	June	Waiting for Results	--	--

Chart of the Day: US Non Farm Payrolls (Thousands)



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