



Calibrate | Focus | Execute

Market Conditions

June 12, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 JULY	100 26/32	+15/32	4.49	5.95%	3.91
FNMA15 5.0 JULY	99 24/32	+20/32	4.54	5.30%	3.95
GNMAII30 6.0 JULY	100 31/32	+14/32	3.65	6.04%	3.18

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	101 3/32	+24/32	4.40	4.26	4.15
10yr Treasury	100 29/32	+1 6/32	7.81	4.26	6.97
30yr Treasury	103 10/32	+1 29/32	15.68	4.44	13.72

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,784.09	+0.09%	Dollar	\$104.32	-0.86%
S&P 500	5,432.43	+1.06%	Gold	\$2,354.20	+1.19%
Nasdaq	17,637.36	+1.70%	Crude Oil	\$78.53	+0.81%

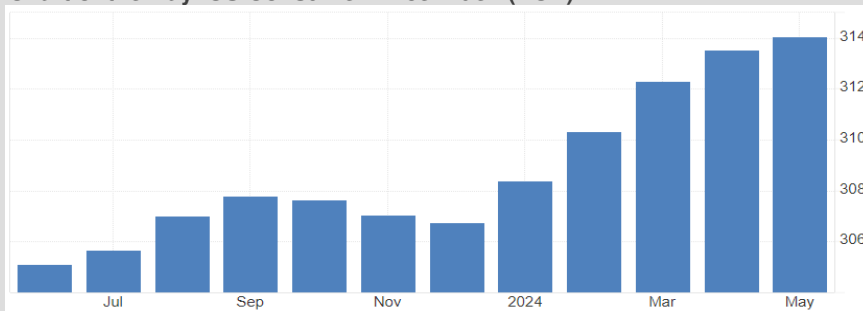
Economic Commentary

MBS prices are up about 15/32 this morning while the DOW is up about 50 points after a fresh reading on inflation showed consumer prices increased less than expected in May. The latest snapshot of inflation comes hours before a highly anticipated Federal Reserve meeting in the afternoon will provide the latest signal on the path of interest rates. The Consumer Price Index remained flat over the previous month and rose 3.3% over the prior year in May, a deceleration from April's 0.3% month-over-month increase and 3.4% annual gain in prices. Both measures beat economist expectations. On a "core" basis, which strips out the more volatile costs of food and gas, prices in May climbed 0.2% over the prior month and 3.4% over last year, cooler than April's data. Both measures also came in better than economist estimates. This shifted market expectations for Fed rate cuts this year. Following the data's release, markets were pricing in a roughly 69% chance the Federal Reserve begins to cut rates by its September meeting, according to data from the CME FedWatch Tool. That's up from about a 53% chance the day prior. The 10-Year Treasury yield fell about 14 basis points to 4.26%, its lowest level since April 1. But all that could shift later this afternoon. The Fed's decision is all but certain as the central bank is expected to keep rates at their current 23-year-high levels. Investors will be more closely watching the release of the Fed's updated economic projections in its "dot plot", specifically, how many rate cuts it projects for the rest of the year. Last we heard, in March, it was three. Policymakers are almost certain to slash that, thanks in part to the aforementioned inflation's stickiness to start this year. Those projections, along with what Fed Chair Jerome Powell says in his press conference, could be the last market-moving events in an extraordinarily busy day.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
WEDNESDAY, JUNE 12				
Consumer price index	May	0.00%	0.10%	0.30%
CPI year over year	2023-2024	3.30%	3.40%	3.40%
Core CPI	May	0.20%	0.30%	0.30%
Core CPI year over year	2023-2024	3.40%	3.50%	3.60%
Monthly U.S. federal budget	May	Waiting for Results	-\$301.1B	\$210B
FOMC interest-rate decision				
Jerome Powell press conference				
THURSDAY, JUNE 13				
Initial jobless claims	8-Jun	Waiting for Results	225,000	229,000
Producer price index	May	Waiting for Results	0.10%	0.50%
PPI year over year	2023-2024	Waiting for Results	--	2.20%
Core PPI	May	Waiting for Results	0.30%	0.40%
Core PPI year over year	2023-2024	Waiting for Results	--	3.10%
FRIDAY, JUNE 14				
Import price index	May	Waiting for Results	0.00%	0.90%
Import price index minus fuel	May	Waiting for Results	--	0.70%
Consumer sentiment (prelim)	June	Waiting for Results	72.30	69.10
MONDAY, JUNE 17				
Empire State manufacturing survey	June	Waiting for Results	--	-15.60
TUESDAY, JUNE 18				
U.S. retail sales	May	Waiting for Results	--	0.00%
Retail sales minus autos	May	Waiting for Results	--	0.20%
Industrial production	May	Waiting for Results	--	-0.30%
Capacity utilization	May	Waiting for Results	--	78.40%
Business inventories	May	Waiting for Results	--	-0.10%
WEDNESDAY, JUNE 19				
Juneteenth Day holiday				
Home builder confidence index	June	Waiting for Results	--	45.00

Chart of the Day: US Consumer Price Index (YOY)



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