



Calibrate | Focus | Execute

**Market Conditions**

June 13, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 JULY	100 26/32	+6/32	4.48	5.95%	3.86
FNMA15 5.0 JULY	99 20/32	+2/32	4.54	5.21%	3.91
GNMAI30 6.0 JULY	100 25/32	+2/32	3.62	6.05%	3.12

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	101 4/32	+10/32	4.40	4.25	4.11
10yr Treasury	100 30/32	+17/32	7.81	4.27	6.91
30yr Treasury	103 10/32	+29/32	15.68	4.44	13.59

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	38,475.08	-0.60%	Dollar	\$105.23	-0.56%
S&P 500	5,411.45	-0.17%	Gold	\$2,315.20	-1.70%
Nasdaq	17,598.57	-0.04%	Crude Oil	\$78.58	+0.09%

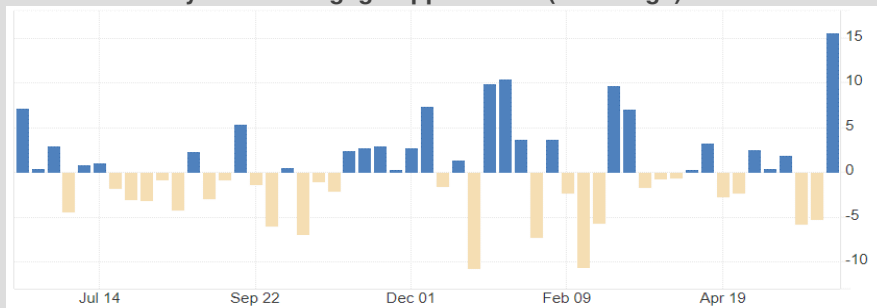
**Economic Commentary**

MBS prices are up about 6/32 this morning while the DOW is down about 220 points as investors weighed the two-way pull of cooling inflation and a Federal Reserve pullback on interest rate cuts. Stocks notched records on a dramatic day yesterday that brought a double dose of market-moving events: A lower-than-expected consumer inflation print and the Fed's outlook for rates. Policymakers' shift from three rate cuts this year to just one didn't appear to faze investors, given Chair Jerome Powell's reminder that the projection isn't set in stone. Traders are still pricing in two rate cuts starting in September, according to the CME FedWatch tool. Today's economic reports showed that the producer price index for May fell in what appears to be the latest sign that inflation is easing. The reading dropped 0.2% month-over-month after rising 0.5% in April. The number of people claiming unemployment benefits in the US jumped by 13,000 to 242,000 on the week ending June 8th, well above market expectations of 225,000, to record the highest reading since August 2023. The four-week moving average for initial claims, which reduces week-to-week volatility, increased by 4,750 to 227,000. Mortgage applications in the US surged by 15.6% in the first week of June, the sharpest weekly increase since January 2023, rebounding from the 5.2% drop in the last week of May to fully erase the slumps from the two prior weeks, according to data compiled by the MBA. The surge was in line with the 5bps drop in average mortgage rates as the yield on benchmark Treasuries fell sharply in the period. Applications to refinance a home loan, which are more sensitive to weekly changes in interest rates, soared by 28% from the earlier period as households attempted to lock in better rates before bets that borrowing costs will continue to rise. In the meantime, applications to mortgage a home purchase rose by 12%.

**Economic Calendar**

	PERIOD	ACTUAL	FORECAST	PREVIOUS
<b>THURSDAY, JUNE 13</b>				
Initial jobless claims	8-Jun	242,000	225,000	229,000
Producer price index	May	-0.20%	0.10%	0.50%
PPI year over year	2023-2024	2.20%	--	2.30%
Core PPI	May	0.00%	0.20%	0.40%
Core PPI year over year	2023-2024	3.20%	--	3.20%
<b>FRIDAY, JUNE 14</b>				
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
<b>MONDAY, JUNE 17</b>				
Empire State manufacturing survey	June	Waiting for Results	--	-15.60
<b>TUESDAY, JUNE 18</b>				
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%
<b>WEDNESDAY, JUNE 19</b>				
Juneteenth Day holiday				
Home builder confidence index	June	Waiting for Results	--	45.00
<b>THURSDAY, JUNE 20</b>				
Initial jobless claims	15-Jun	Waiting for Results	--	242,000
U.S. current account	Q2	Waiting for Results	--	-\$194.8b
Housing starts	May	Waiting for Results	--	1.36 million
Building permits	May	Waiting for Results	--	1.44 million
Philadelphia Fed manufacturing survey	June	Waiting for Results	--	4.50

**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, estimote.com, stockcharts.com, tradingeconomics.com, dshort.com