



Calibrate | Focus | Execute

Market Conditions

June 21, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 JULY	100 20/32	-1/32	4.31	5.97%	3.68
FNMA15 5.0 JULY	99 14/32	-1/32	4.49	5.37%	3.83
GNMAII30 6.0 JULY	100 15/32	-1/32	3.59	6.13%	3.07

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 30/32	-1/32	4.40	4.28	4.07
10yr Treasury	100 27/32	-1/32	7.81	4.27	6.84
30yr Treasury	103 20/32	-4/32	15.68	4.41	13.46

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	39,132.80	-0.03%	Dollar	\$105.80	+0.20%
S&P 500	5,473.93	+0.01%	Gold	\$2,342.10	-1.14%
Nasdaq	17,761.36	+0.20%	Crude Oil	\$81.14	-0.18%

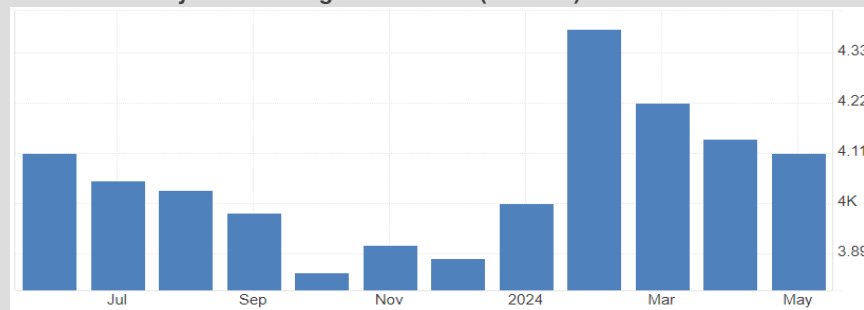
Economic Commentary

MBS prices are down about 1/32 this morning while the DOW is down about 15 points as a tech-led rally showed real signs of fatigue for the first time in over a week. Investors are also assessing the broader health of the US economy and the path for interest rates. Former St. Louis Fed president James Bullard, an inflation hawk, said Thursday that last week's cool Consumer Price Index reading could pave the way for a rate cut in September. Around two-thirds of traders still expect rate cuts to begin then, according to the CME FedWatch tool. Bond yields are higher, with the 10-year Treasury yield at about 4.27%. The U.S. dollar advanced modestly versus major currencies. Today's economic reports showed that existing home sales in the US declined 0.7% mom to a seasonally adjusted annualized rate of 4.11 million units in May 2024, the lowest in four months, compared to 4.14 million in April and forecasts of 4.1 million. The decline comes as the median sales price climbed to a record high of \$419,300. Meanwhile, total housing inventory was 1.28 million units, up 6.7% from April and 18.5% from one year ago. Unsold inventory sits at a 3.7-month supply at the current sales pace, up from 3.5 months in April and 3.1 months in May 2023. "Home prices reaching new highs are creating a wider divide between those owning properties and those who wish to be first-time buyers. The mortgage payment for a typical home today is more than double that of homes purchased before 2020. Eventually, more inventory will help boost home sales and tame home price gains in the upcoming months", said NAR Chief Economist Lawrence Yun. Market's preliminary Purchasing Managers' Index (Flash PMI) was released this morning, with the composite rising to 54.6 in June, above expectations for 53.4 and last month's reading of 54.5*. Breaking out the composite, services came in at 55.1, also higher than the estimate of 53.5 and prior reading of 54.8, while manufacturing was 51.7, above the estimate of 51.0* and prior figure of 51.3. PMI is a diffusion index, meaning that figures above 50 indicate expansion, while readings below 50 reflect contraction. In our view these readings show the economy continues to show resiliency, growing at a solid pace. The Conference Board LEI declined 0.5% in May, below projections for 0.3% but above the prior month's 0.6% drop. The change was driven by a decline in new orders, weak consumer sentiment about future business conditions and lower building permits*. While this reading is an early indication that the economy is slowing down, taken in combination with other recently-released data, we believe it reflects a resilient economy that is slowly cooling.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
FRIDAY, JUNE 21				
S&P flash U.S. services PMI	June	55.10	54.00	54.80
S&P flash U.S. manufacturing PMI	June	51.70	51.00	51.30
Existing home sales	May	4.11 million	4.08 million	4.14 million
U.S. leading economic indicators	May	-0.50%	-0.30%	-0.60%
MONDAY, JUNE 24				
None scheduled				
TUESDAY, JUNE 25				
Case-Shiller home price index (20 cities)	April	Waiting for Results	--	7.40%
Consumer confidence	May	Waiting for Results	--	102.00
WEDNESDAY, JUNE 26				
New home sales	May	Waiting for Results	--	634,000
THURSDAY, JUNE 27				
Initial jobless claims	22-Jun	Waiting for Results	--	--
GDP (2nd revision)	Q1	Waiting for Results	--	1.30%
Durable-goods orders	May	Waiting for Results	--	0.60%
Durable-goods minus transportation	May	Waiting for Results	--	0.40%
Pending home sales	May	Waiting for Results	--	-7.70%
FRIDAY, JUNE 28				
Personal income (nominal)	May	Waiting for Results	--	0.30%
Personal spending (nominal)	May	Waiting for Results	--	0.20%
PCE index	May	Waiting for Results	--	0.30%
PCE (year-over-year)	2023-2024	Waiting for Results	--	2.70%
Core PCE index	May	Waiting for Results	--	0.20%
Core PCE (year-over-year)	2023-2024	Waiting for Results	--	2.80%
Chicago Business Barometer (PMI)	June	Waiting for Results	--	35.40
Consumer sentiment (final)	June	Waiting for Results	--	65.60

Chart of the Day: US Existing Home Sales (Millions)



Mortgage Capital Management, Inc. | 858-483-4404 | info@mortcap.com | mortcap.com

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