



Calibrate | Focus | Execute

Market Conditions

July 9, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 JULY	100 18/32	-1/32	4.23	5.96%	3.77
FNMA15 5.0 JULY	99 15/32	-1/32	4.49	5.35%	4.00
GNMAII30 6.0 JULY	100 21/32	-2/32	3.42	6.05%	3.05

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 31/32	-1/32	4.41	4.25	4.24
10yr Treasury	100 16/32	-7/32	8.00	4.31	7.29
30yr Treasury	102 3/32	-16/32	16.78	4.50	15.00

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	39,485.17	+0.34%	Dollar	\$105.18	+0.17%
S&P 500	5,588.85	+0.28%	Gold	\$2,364.70	+0.06%
Nasdaq	18,436.41	+0.20%	Crude Oil	\$81.68	-0.78%

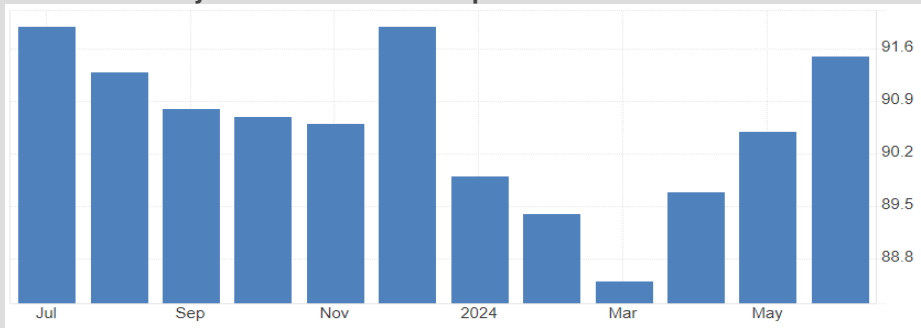
Economic Commentary

MBS prices are down about 1/32 this morning while the DOW is up about 140 points as investors assessed concerns about a pullback while Federal Reserve chair Jerome Powell kicked off his semiannual update to Congress. Stocks have achieved fresh all-time highs as signs of a US economic slowdown bolster bets on interest rate cuts. Powell shed light on the Fed's picture of the economy, commencing his twice-yearly policy update to Congress on Tuesday with an appearance in the Senate. In prepared remarks, the central bank leader said he's encouraged by evidence of cooler inflation, but that the Fed still needs more "good data" to be confident that inflation is moving towards its 2% target. Traders still placed bets that the Fed will cut interest rates twice this year. "We're increasingly confident in our forecast that the Fed will cut rates in September," wrote Oxford Economics chief US economist Ryan Sweet. Powell will appear before the House tomorrow, setting the stage for a key update on consumer inflation on Thursday, all potential catalysts for stocks if they confirm a cooling. But a note of caution is seeping into the market as the idea of a summer pullback gets more backers, with Morgan Stanley strategist Mike Wilson calling for a 10% correction. Wall Street is getting cold feet about this coming earnings season, given the higher bar of expectations they face this time around. At the same time, investors are starting to question the huge inflows into AI-linked stocks that have driven the recent rally, given the tech's impact is still unproven. Today's lone economic report showed that the NFIB Small Business Optimism Index in the US rose to 91.5 in June of 2024 from 90.5 in the previous month, the highest since the start of the year, and contrasting with expectations that the index would slow to 89.5. Still, the reading remained below the long-term average of 98. "Main Street remains pessimistic about the economy for the balance of the year," said NFIB Chief Economist Bill Dunkelberg. "Increasing compensation costs has led to higher prices all around. Meanwhile, no relief from inflation is in sight for small business owners as they prepare for the uncertain months ahead." Results from the survey showed that a net 21% of owners noted inflation as the single most important problem in their business. The increasing compensation costs to keep up with inflation drove a net 22% of companies surveyed to raise wages. In the meantime, recent dependency on backlogs prevailed as a net negative 2% planned to invest in inventories.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
TUESDAY, JULY 9				
NFIB optimism index	June	91.5	89.5	90.50
WEDNESDAY, JULY 10				
Wholesale inventories	May	Waiting for Results	--	0.10%
THURSDAY, JULY 11				
Initial jobless claims	6-Jul	Waiting for Results	--	238,000
Consumer price index	June	Waiting for Results	--	0.00%
CPI year over year	2023-2024	Waiting for Results	--	3.30%
Core CPI	June	Waiting for Results	--	0.20%
Core CPI year over year	2023-2024	Waiting for Results	--	3.40%
Monthly U.S. federal budget	June	Waiting for Results	--	--
FRIDAY, JULY 12				
Producer price index	June	Waiting for Results	--	-0.20%
PPI year over year	2023-2024	Waiting for Results	--	2.20%
Core PPI	June	Waiting for Results	--	0.00%
Core PPI year over year	2023-2024	Waiting for Results	--	3.20%
Consumer sentiment (prelim)	July	Waiting for Results	--	68.20
MONDAY, JULY 15				
Empire State manufacturing survey	July	Waiting for Results	--	-0.60%
Fed Chairman Powell speaks				

Chart of the Day: US NFIB Business Optimism Index



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