



Calibrate | Focus | Execute

Market Conditions

July 17, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 AUG	101 1/32	-1/32	4.01	5.86%	3.41
FNMA15 5.0 AUG	99 30/32	-1/32	4.49	5.30%	3.82
GNMAI30 6.0 AUG	100 26/32	-1/32	3.38	6.07%	2.88

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 22/32	-1/32	4.41	4.09	4.06
10yr Treasury	101 23/32	+1/32	8.00	4.16	6.97
30yr Treasury	104 8/32	+4/32	16.78	4.37	14.34

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	41,178.32	+0.56%	Dollar	\$103.83	-0.42%
S&P 500	5,591.11	-1.32%	Gold	\$2,460.70	-0.30%
Nasdaq	17,993.62	-2.72%	Crude Oil	\$82.77	+2.48%

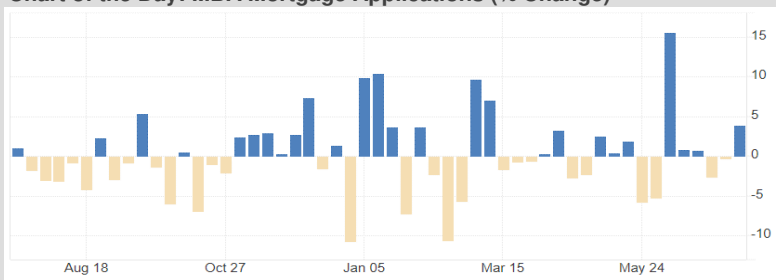
Economic Commentary

MBS prices are down about 1/32 this morning while the DOW is up about 230 points but weakness in technology shares is weighing on markets. The weakness in tech shares is being driven by reports that the U.S. is considering tightening trade restrictions on companies that export semiconductor equipment to China. Outside of technology, markets are holding up reasonably well, led by the energy sector, which is higher by over 1% to start the day. Overseas, Asian markets were mixed overnight, while European markets are moving lower in response to U.K. inflation data that was slightly above expectations. * Bond yields are little changed in early trading, with the 10-year Treasury yield hovering around 4.16% and the 2-year yield opening the day around 4.44%. Today's economic reports showed that housing starts for June were at a seasonally adjusted annual rate of 1.35 million, better than the prior reading of 1.31 million and ahead of expectations for 1.3 million. Building permits, which serve as a leading indicator for future construction activity, were at a seasonally adjusted annual rate of 1.45 million, above the May reading of 1.4 million and better than consensus expectations for 1.39 million. Despite the improvement from May to June, both housing starts and building permits were lower on a year-over-year basis, as higher interest rates weigh on housing-market activity. Our view is that Fed rate cuts in the months ahead should lead to lower interest rates, which could prompt a pickup in residential construction activity. Mortgage applications in the US soared by 3.9% in the third week of July, erasing the drops from the previous two weeks to mark the sharpest increase in one month, according to data compiled by the MBA. The rebound was consistent with a 13bps drop in benchmark average mortgage rates, consistent with the decline in long-dated Treasury yields in the period as lower inflation consolidated hopes of rate cuts by the Federal Reserve. Applications to refinance a mortgage, which are more sensible to weekly changes in rates, soared by 15% from the previous week to its highest level in two years. This offset the 3% drop in applications to purchase a new home, as low housing inventory continued to price out wishful buyers.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
WEDNESDAY, JULY 17				
Housing starts	June	1.353M	1.300M	1.314M
Building permits	June	1.446M	1.400M	1.399M
Industrial production	June	0.60%	0.30%	0.90%
Capacity utilization	June	78.80%	78.50%	78.30%
Fed Beige Book				
THURSDAY, JULY 18				
Initial jobless claims	13-Jul	Waiting for Results	--	222,000
Philadelphia Fed manufacturing survey	July	Waiting for Results	--	130.00%
U.S. leading economic indicators	June	Waiting for Results	--	0.50%
FRIDAY, JULY 19				
NY Fed President Williams speaks				
Atl Fed President Raphael Bostic speaks				
MONDAY, JULY 22				
None scheduled				
TUESDAY, JULY 23				
Existing home sales	June	Waiting for Results	--	4.11 million
WEDNESDAY, JULY 24				
New home sales	June	Waiting for Results	--	619,000
THURSDAY, JULY 25				
GDP	Q2	Waiting for Results	--	1.40%
Initial jobless claims	20-Jul	Waiting for Results	--	229,000
Durable-goods orders	June	Waiting for Results	--	-0.50%
Durable-goods minus transportation	June	Waiting for Results	--	-0.10%
Advanced U.S. trade balance in goods	June	Waiting for Results	--	-\$99.4B
Advanced retail inventories	June	Waiting for Results	--	0.70%
Advanced wholesale inventories	June	Waiting for Results	--	0.60%
FRIDAY, JULY 26				
Personal income (nominal)	June	Waiting for Results	--	0.50%
Personal spending (nominal)	June	Waiting for Results	--	0.20%
PCE index	June	Waiting for Results	--	0.00%
PCE (year-over-year)	2023-2024	Waiting for Results	--	2.60%
Core PCE index	June	Waiting for Results	--	0.10%
Core PCE (year-over-year)	2023-2024	Waiting for Results	--	2.60%
Consumer sentiment (final)	July	Waiting for Results	--	66

Chart of the Day: MBA Mortgage Applications (% Change)



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