



Calibrate | Focus | Execute

Market Conditions

August 2, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 AUG	101 26/32	+10/32	4.02	5.75%	3.45
FNMA15 5.0 AUG	100 24/32	+10/32	4.50	5.16%	3.86
GNMAII30 6.0 AUG	101 18/32	+11/32	3.39	5.93%	2.91

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	101 14/32	+23/32	4.48	3.70	4.14
10yr Treasury	104 11/32	+1 6/32	8.04	3.87	7.04
30yr Treasury	107 31/32	+2 7/32	16.81	4.19	14.46

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	39,905.61	-1.01%	Dollar	\$103.33	-1.05%
S&P 500	5,360.14	-1.61%	Gold	\$2,510.80	+1.25%
Nasdaq	16,785.94	-2.49%	Crude Oil	\$73.98	-3.07%

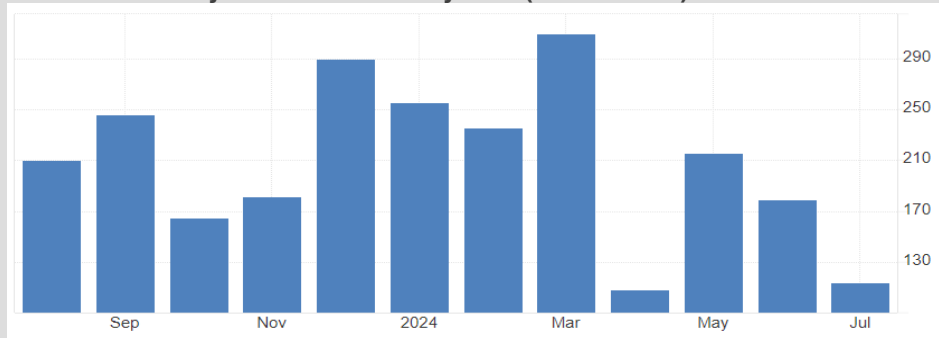
Economic Commentary

MBS prices are up about 10/32 this morning while the DOW is down about 400 points after the July jobs report showed more cooling in the labor market, fueling concerns the Federal Reserve's "higher for longer" interest-rate stance might end in recession. Today's economic reports showed that nonfarm payrolls increased by a smaller-than-expected 114,000 in July, the unemployment rate increased to 4.3% from 4.1%, the U-6 unemployment rate, which also accounts for underemployed workers, rose to 7.8% from 7.4%, and average hourly earnings growth on a year-over-year basis decelerated to 3.6% from 3.8%, which isn't a lot of disposable spending breathing room above the 3.0% CPI rate for June. The key takeaway from the report is that it is an economic slowdown signal. How much of a slowdown will avail itself in coming months, but in the context of a market newly worried about a hard landing and the Fed making a policy mistake by keeping rates higher for longer, this report will not assuage those concerns. New orders for US manufactured goods fell by 0.5% from the previous month to \$583.1 billion in May of 2024, erasing the downwardly revised 0.4% increase from the previous month, and contrasting with market expectations of a 0.2% increase. The contraction was sharper when excluding the volatile component of transportation equipment, marking a 0.7% decline instead of expectations of a 0.3% expansion. Traders are pricing in three rate cuts this year, in September, November, and December, and bets are on a 50 basis-point reduction in September. The yield on the benchmark 10-year Treasury dove further below the 4% level after the labor-market update, trading around 3.87%. The news for individual stocks was just as downbeat as the economic data, too, with chipmaker Intel's bombshell earnings adding to the pressure on stocks with investors already questioning the payoff of AI investments for Big Tech. The chipmaker said it will slash jobs and suspend dividends after its sales forecast fell short and it missed on earnings. Intel shares sank over 25% in early trading, dragging on other chip stocks. Meanwhile, Amazon stock slid almost 10% on the heels of sales guidance that undershot Wall Street estimates.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
FRIDAY, AUG. 2				
U.S. employment report	July	114,000	176,000	179,000
U.S. unemployment rate	July	4.30%	4.10%	4.10%
U.S. hourly wages	July	0.20%	0.30%	0.30%
Hourly wages year over year	2023-2024	3.60%	3.70%	3.80%
Factory orders	June	-3.30%	-3.10%	-0.50%
MONDAY, AUG. 5				
S&P final U.S. services PMI	July	Waiting for Results	--	55.00%
ISM services	July	Waiting for Results	--	48.80%
TUESDAY, AUG. 6				
U.S. trade deficit	June	Waiting for Results	--	-\$75.1B
WEDNESDAY, AUG. 7				
Consumer credit	June	Waiting for Results	--	\$11.3B
THURSDAY, AUG. 8				
Initial jobless claims	Aug. 3	Waiting for Results	--	249,000
Wholesale inventories	June	Waiting for Results	--	0.60%

Chart of the Day: US Nonfarm Payrolls (Thousands)



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

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