



Calibrate | Focus | Execute

Market Conditions

August 6, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 AUG	101 20/32	-3/32	4.05	5.78%	3.56
FNMA15 5.0 AUG	100 21/32	-2/32	4.51	5.25%	3.97
GNMAI30 6.0 AUG	101 6/32	-2/32	3.36	5.97%	2.95

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	101 17/32	-13/32	4.48	3.72	4.24
10yr Treasury	103 31/32	-23/32	8.04	3.87	7.23
30yr Treasury	107 28/32	-1 17/32	16.81	4.15	14.84

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	39,186.45	+1.36%	Dollar	\$103.00	+0.31%
S&P 500	5,282.11	+1.96%	Gold	\$2,427.10	-0.67%
Nasdaq	16,535.39	+2.14%	Crude Oil	\$73.34	+0.58%

Economic Commentary

MBS prices are down about 3/32 this morning while the DOW is up about 500 points following a three-day rout that wiped a healthy chunk of 2024's market gains. The benchmark S&P 500 led the mid-morning gains, up about 1.7%. The tech-heavy Nasdaq Composite followed suit, up around 1.6% while the Dow Jones Industrial Average jumped 1.3%. Stocks got crushed on yesterday, part of a two-day tailspin on Wall Street that served as a boisterous reaction to fresh concern over the health of the US economy and its labor market. The S&P 500 had its worst day since 2022 and capped its worst start to any month since 2002. Wall Street's "fear gauge", the CBOE Volatility Index, touched its highest level since the early days of the COVID-19 pandemic on Monday. Today, it fell back to earth, to levels seen often in 2022. Treasury yields bounced back on Tuesday as investors closely monitored a reversal of the previous day's global market sell-off. The yield on the benchmark 10-year Treasury note traded more than 9 basis points higher at 3.88%. It comes after the yield on the 10-year Treasury note on Monday fell to its lowest level since June 2023. Today's lone economic report showed that the trade deficit narrowed to \$73.1 billion in June (Briefing.com consensus \$72.8 billion) from an upwardly revised \$75.0 billion (from -\$75.1 billion) in May with exports exceeding imports by \$1.9 billion. Exports rose by 1.5% from the previous month to \$265.9 billion, the second-highest on record, amid increases in sales of civilian aircraft, automotive vehicles, and energy commodities, including natural gas, petroleum products, and fuel oil. The rise in exports of goods was enough to offset a slight decrease in exports of services, largely due to less travel. In the meantime, imports rose by a softer 0.6% to \$339 billion, with support from purchases of pharmaceutical operations, semiconductors and electric apparatus, and energy commodities. Among different countries, the gap with Italy decreased by \$1.7 billion to \$3.1 billion, the deficit with China fell by \$1.6 billion to \$22.3 billion, and the balance with Singapore shifted to a deficit of \$0.4 billion from a surplus of \$1.3 billion. The key takeaway from the report, though, is that both exports and imports increased in June, which is a constructive trade dynamic for the global economy.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
TUESDAY, AUG. 6				
U.S. trade deficit	June	72.8B	72.8B	-\$75.0B
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%
FRIDAY, AUG. 9				
None scheduled				
MONDAY, AUG. 12				
Monthly U.S. federal budget	July	Waiting for Results	--	-\$347B
TUESDAY, AUG. 13				
NFIB optimism index	July	Waiting for Results	--	91.50
Producer price index	July	Waiting for Results	--	0.20%
Core PPI	July	Waiting for Results	--	0.00%
PPI year over year	2023-2024	Waiting for Results	--	2.60%
Core PPI year over year	2023-2024	Waiting for Results	--	3.10%
WEDNESDAY, AUG. 14				
Consumer price index	July	Waiting for Results	--	-0.10%
CPI year over year	2023-2024	Waiting for Results	--	3.00%
Core CPI	July	Waiting for Results	--	0.10%
Core CPI year over year	2023-2024	Waiting for Results	--	3.30%
THURSDAY, AUG. 15				
Initial jobless claims	Aug. 10	Waiting for Results	--	0.00%
Empire State manufacturing survey	Aug.	Waiting for Results	--	-6.60
Philadelphia Fed manufacturing survey	Aug.	Waiting for Results	--	13.90
U.S. retail sales	July	Waiting for Results	--	0.00%
Retail sales minus autos	July	Waiting for Results	--	0.40%
Import price index	July	Waiting for Results	--	0.00%
Import price index minus fuel	July	Waiting for Results	--	0.20%
Industrial production	July	Waiting for Results	--	0.60%
Capacity utilization	July	Waiting for Results	--	78.80%
Business inventories	June	Waiting for Results	--	0.50%
FRIDAY, AUG. 16				
Consumer sentiment (prelim)	Aug.	Waiting for Results	--	66.40
Housing starts	July	Waiting for Results	--	1.35 million
Building permits	July	Waiting for Results	--	1.45 million
Home builder confidence index	July	Waiting for Results	--	42.00

Chart of the Day: US Trade Deficit (Billions)

