



Calibrate | Focus | Execute

Market Conditions

September 6, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 SEP	101 6/32	+1/32	4.18	5.42%	3.87
FNMA15 5.0 SEP	101 7/32	+2/32	4.28	4.66%	3.97
GNMAI30 5.5 SEP	100 29/32	+1/32	3.81	5.60%	3.54

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 16/32	+4/32	4.51	3.50	4.50
10yr Treasury	101 10/32	+4/32	8.23	3.70	7.80
30yr Treasury	104 4/32	+6/32	17.35	4.00	16.15

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	40,369.99	-0.97%	Dollar	\$101.28	+0.17%
S&P 500	5,413.41	-1.55%	Gold	\$2,522.50	-0.81%
Nasdaq	16,717.45	-2.38%	Crude Oil	\$67.43	-2.43%

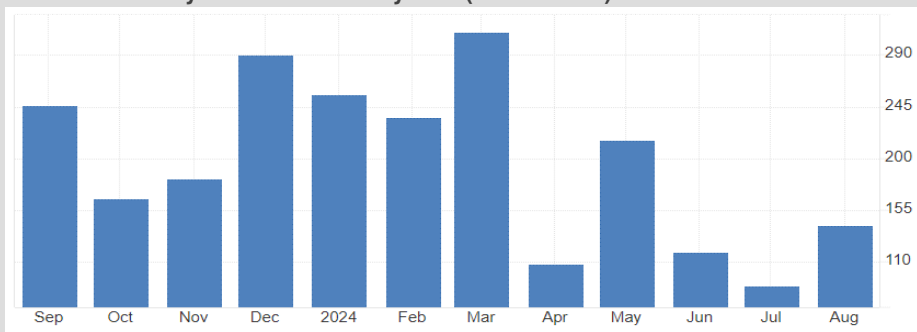
Economic Commentary

MBS prices are up about 1/32 this morning while the DOW is down about 400 points as investors digested a crucial jobs report that provided clues to the size of this month's expected interest-rate cut and the resilience of the US economy. U.S. Treasuries are adding to their early gains after the August jobs report showed below-consensus payroll growth (142,000; Briefing.com consensus 165,000) coupled with a sizable downward revision to last month's total (to 89,000 from 114,000). Meanwhile, average hourly earnings (0.4%; Briefing.com consensus 0.3%) grew more than expected but July's 0.2% increase was revised down to a 0.1% decrease. The post-data rally has pressured yields past their August lows with the 10-yr yield hitting a 15-month low. The US economy added 142,000 jobs in August, which trailed expectations for about 165,000 jobs added. Prior month job growth was also revised lower, as the labor market showed signs of continued cooling. The unemployment rate, however, ticked back down to 4.2%. The report shifted expectations for the Fed to enact a more sizable rate cut at its meeting in less than two weeks. According to the CME FedWatch tool, traders see a 50-50 chance of a 50 basis point cut, which was up significantly from Thursday. Fed Governor Chris Waller reiterated recent phrasing from Fed Chair Jerome Powell that "the time has come" to lower interest rates. "If the data supports cuts at consecutive meetings, then I believe it will be appropriate to cut at consecutive meetings," Waller said in prepared remarks delivered at the University of Notre Dame. Despite anemic closes, stocks have whipsawed this week as the market assessed incoming economic data to set expectations on the size of the Fed's rate cut. All three indexes are set for significant weekly declines.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
FRIDAY, SEPT. 6				
U.S. employment report	Aug.	142,000	165,000	89,000
U.S. unemployment rate	Aug.	4.20%	4.20%	4.30%
U.S. hourly wages	Aug.	0.40%	0.30%	0.20%
Hourly wages year over year	2023-2024	3.80%	3.70%	3.60%
New York Fed Pres. Williams speaks				
Fed Gov. Christopher Waller speaks				
MONDAY, SEPT. 9				
Wholesale inventories	July	Waiting For Results	--	--
Consumer credit	Aug.	Waiting For Results	--	\$8.9B
TUESDAY, SEPT 10				
NFIB optimism index	Aug.	Waiting For Results	--	93.70
WEDNESDAY, SEPT. 11				
Consumer price index	Aug.	Waiting For Results	--	0.00
CPI year over year	2023-2024	Waiting For Results	--	0.03
Core CPI	Aug.	Waiting For Results	--	0.00
Core CPI year over year	2023-2024	Waiting For Results	--	0.03
THURSDAY, SEPT 12				
Initial jobless claims	Sept. 7	Waiting For Results	--	0.00
Producer price index	Aug.	Waiting For Results	--	0.00
Core PPI	Aug.	Waiting For Results	--	0.00
PPI year over year	2023-2024	Waiting For Results	--	0.02
Core PPI year over year	2023-2024	Waiting For Results	--	0.03
Monthly U.S. federal budget	Aug.	Waiting For Results	--	0.00
FRIDAY, SEPT 13				
Import price index	Aug.	Waiting For Results	--	0.00
Import price index minus fuel	Aug.	Waiting For Results	--	0.00
Consumer sentiment (prelim)	Sept.	Waiting For Results	--	--

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, taintedalpha.com, options express, yahoo finance, estimize.com, stockcharts.com, tradingeconomics.com, dshort.com