



Market Conditions

September 12, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 SEP	101 10/32	-5/32	3.72	5.36%	3.45
FNMA15 5.0 SEP	101 13/32	-3/32	4.31	4.64%	4.00
GNMAII30 5.5 SEP	101 3/32	-4/32	3.51	5.52%	3.26

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 18/32	-7/32	4.51	3.49	4.48
10yr Treasury	101 14/32	-11/32	8.23	3.70	7.79
30yr Treasury	104 7/32	-22/32	17.35	4.01	16.16

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	40,872.19	+0.02%	Dollar	\$101.57	-0.11%
S&P 500	5,562.60	+0.16%	Gold	\$2,576.40	+1.34%
Nasdaq	17,449.83	+0.33%	Crude Oil	\$69.17	+2.76%

Economic Commentary

MBS prices are down about 5/32 this morning while the DOW is up about 40 points as investors digested fresh inflation and labor data testing high-running expectations for a quarter-point interest-rate cut next week. Initial jobless claims for the week ending September 7 increased by 2,000 to 230,000 (Briefing.com consensus 229,000). Continuing jobless claims for the week ending August 31 increased by 5,000 to 1.850 million. The key takeaway from the report is that initial jobless claims remained fairly steady, underscoring the point that the labor market isn't suffering a material and rapid erosion that would challenge the soft landing view. The Producer Price Index for August was up 0.2% month-over-month (Briefing.com consensus 0.2%) following a downwardly revised 0.0% (from 0.1%) in July. The Producer Price Index, excluding food and energy, was up 0.3% month-over-month (Briefing.com consensus 0.2%) following a downwardly revised 0.2% decline (from 0.0%) in July. On a year-over-year basis, the Producer Price Index was up 1.7%, versus 2.1% in July, and the Producer Price Index, excluding food and energy, was up 2.4%, versus 2.3% in July. The key takeaway from the report is the recognition that inflation at the wholesale level is moderating, which lessens concerns about heightened pass-through pressures to the consumer. The Treasury Budget for August showed a deficit of \$380.1 billion compared to a surplus of \$89.3 billion in the same period a year ago. August has been a deficit month 69 times out of 70 fiscal years because there are no major tax due dates this month. The August deficit resulted from outlays (\$687 billion) exceeding receipts (\$307 billion). The Treasury Budget data is not seasonally adjusted so the August deficit cannot be compared to the July deficit. The key takeaway from the report is that the U.S. government continues to run large budget deficits, which necessitates a large amount of Treasury issuance for government funding.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, SEPT 12				
Initial jobless claims	Sept. 7	230,000	229,000	228,000
Producer price index	Aug.	.20%	0.20%	0.00%
Core PPI	Aug.	0.30%	0.20%	-0.20%
PPI year over year	2023-2024	1.70%	1.80%	2.10%
Core PPI year over year	2023-2024	2.40%	2.50%	2.30%
Monthly U.S. federal budget	Aug.	-\$380B	-\$280B	-244B
FRIDAY, SEPT 13				
Import price index	Aug.	Waiting For Results	-0.30%	0.10%
Import price index minus fuel	Aug.	Waiting For Results	--	0.10%
Consumer sentiment (prelim)	Sept.	Waiting For Results	68.50	67.90
MONDAY, SEPT 16				
Empire State manufacturing survey	Sept.	Waiting For Results	--	-4.70
TUESDAY, SEPT 17				
U.S. retail sales	Aug.	Waiting For Results	--	1.00%
Retail sales minus autos	Aug.	Waiting For Results	--	0.40%
Industrial production	Aug.	Waiting For Results	--	-0.60%
Capacity utilization	Aug.	Waiting For Results	--	77.80%
Business inventories	July	Waiting For Results	--	0.30%
Home builder confidence index	Sept.	Waiting For Results	--	39.00
WEDNESDAY, SEPT 18				
Housing starts	Aug.	Waiting For Results	--	1.24 million
Building permits	Aug.	Waiting For Results	--	1.4 million
FOMC interest-rate decision				
Fed Chair Powell press conference				
THURSDAY, SEPT 19				
Initial jobless claims	Sept. 14	Waiting For Results	--	230,000
Philadelphia Fed manufacturing survey	Sept.	Waiting For Results	--	-7.00
Existing home sales	Aug.	Waiting For Results	--	3.95 million
U.S. leading economic indicators	Aug.	Waiting For Results	--	-0.60%
FRIDAY, SEPT 20				
None scheduled				

Chart of the Day: US Initial Jobless Claims (Thousands)

