



Calibrate | Focus | Execute

Market Conditions

September 13, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 16/32	+2/32	3.74	5.33%	3.52
FNMA15 5.0 OCT	101 10/32	-2/32	4.32	4.65%	4.06
GNMAI30 5.5 OCT	101 7/32	+2/32	3.52	5.49%	3.31

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 29/32	+6/32	4.51	3.43	4.53
10yr Treasury	101 27/32	+7/32	8.23	3.66	7.89
30yr Treasury	104 22/32	+7/32	17.35	3.99	16.36

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	41,390.07	+0.72%	Dollar	\$101.08	-0.29%
S&P 500	5,628.44	+0.59%	Gold	\$2,610.30	+1.16%
Nasdaq	17,693.66	+0.71%	Crude Oil	\$68.93	-0.03%

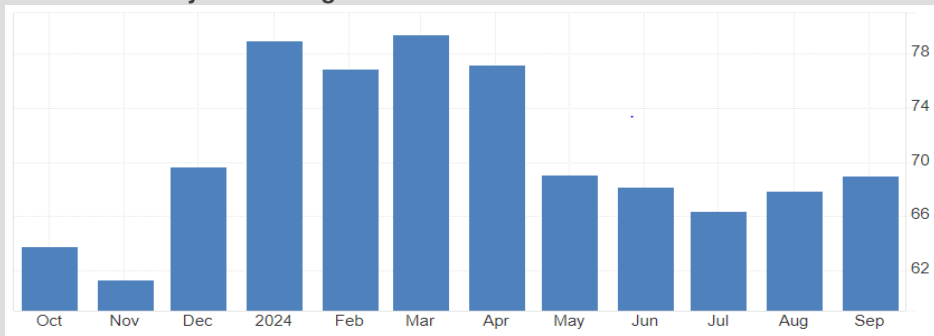
Economic Commentary

MBS prices are up about 2/32 this morning while the DOW is up about 300 points as the market warms once again to the likelihood of a half-point rate cut by the Fed after virtually writing off the chances of a big pivot in light of recent inflation and jobs data. Traders are now pricing in a 49% chance of a 50 basis point move next week, compared with 15% at one point on Thursday. Markets have been whipsawed in recent days by shifting speculation over whether the Fed will opt for a cut of a quarter point or a half point when it makes its expected first rate cut this cycle. Concerns about a labor market slowdown and the risk of a recession have helped feed that volatility — which Wall Street believes could persist if a 0.5% cut comes in. Today's economic reports showed that the first September report of the University of Michigan Consumer Sentiment Index showed a reading of 69, driven in part by the perception that prices are becoming more favorable to consumers. The commonly followed measure of consumer confidence in the US economy is far above the June 2022 low, which registered about 40% worse. But "Consumers remain guarded as the looming election continues to generate substantial uncertainty," said Joanne Hsu, surveys of consumers director, in a statement published Friday. Inflation expectations for the year ahead also improved, continuing a four month trend of optimism that pricing pressures will cool, according to the report. The current reading of 2.7% is the lowest since December 2020, the report said, coming in a range that was seen in the years prior to the pandemic. Longer run expectations however, were little changed, ticking up to 3.1% from last month's 3%. They remain "modestly elevated" compared to the years before the pandemic, suggesting that consumer perceptions are still impacted by the global health crisis and the inflation that followed in the aftermath. U.S. import prices fell by 0.3% in August, marking the largest decline since December 2023. This reversal follows a period of slight gains in June and July. Over the past 12 months, import prices increased by 0.8%, with the last year-on-year decline seen in February 2024.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
FRIDAY, SEPT 13				
Import price index	Aug.	-0.30%	-0.20%	0.10%
Import price index minus fuel	Aug.	-0.10%	--	0.10%
Consumer sentiment (prelim)	Sept.	69.0	68.40	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 Michigan Consumer Sentiment Index



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, estimote.com, stockcharts.com, tradingeconomics.com, dshort.com