



Calibrate | Focus | Execute

Market Conditions

September 16, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 16/32	+2/32	3.74	5.33%	3.48
FNMA15 5.0 OCT	101 17/32	+4/32	4.33	4.60%	4.03
GNMAII30 5.5 OCT	101 9/32	+2/32	3.55	5.49%	3.31

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 31/32	+4/32	4.51	3.41	4.48
10yr Treasury	102 0/32	+6/32	8.23	3.63	7.81
30yr Treasury	105 10/32	+21/32	17.35	3.95	16.20

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	41,531.42	+0.33%	Dollar	\$100.74	-0.37%
S&P 500	5,617.04	-0.15%	Gold	\$2,608.60	-0.08%
Nasdaq	17,520.80	-0.90%	Crude Oil	\$69.76	+1.70%

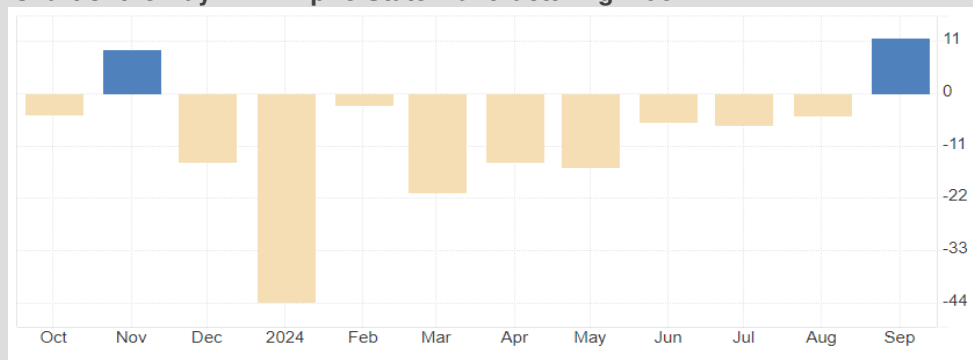
Economic Commentary

MBS prices are up about 2/32 this morning while the DOW is up about 125 points but tech stocks are struggling ahead of a crucial week dominated by expectations for the Federal Reserve's first interest rate cut in four years. More broadly, stocks are diverging amid rising bets that the Fed will opt for a more drastic 50 basis point cut in its monetary policy decision on Wednesday at the end of its two-day meeting. The central bank is almost universally expected to bring in the first US rate cut in four years — a significant policy shift and an official end to a years-long tightening campaign designed to tamp down inflation. That conviction has put investors on edge over how aggressively the Fed will lower rates, whether by 0.5% or 0.25%. A half-point move would aim to protect the labor market and reduce the risk of recession but would also risk spooking investors by signaling a dire economic outlook. As of Monday, traders are pricing in a 61% chance of an outsized move, compared with 50% a day ago. The odds of a 25 basis point cut stand at 39%, per the CME FedWatch tool. Today's lone economic report showed that the NY Empire State Manufacturing Index unexpectedly jumped to 11.5 in September 2024, the highest since April 2022, compared to -4.7 in August and forecasts of -3.9. The reading showed business activity in New York state grew for the first time in nearly a year, as new orders climbed (9.4 vs -7.9 in August) and shipments grew significantly (17.9 vs 0.3). Delivery times (-1.1 vs -3.2) and supply availability were steady (2.1 vs -7.4), and inventories leveled off (0 vs -10.6). Meanwhile, labor market conditions remained soft, with employment continuing to contract modestly (-5.7 vs -6.7) and the average workweek holding steady (2.9 vs -17.8). Also, the pace of input (23.2 vs 23.4) and selling price increases (7.4 vs 8.5) were little changed. Firms grew more optimistic that conditions would improve in the months ahead (30.6 vs 22.9), though the capital spending index dipped below zero for the first time since 2020 (-2.1 vs 8.5).

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
MONDAY, SEPT 16				
Empire State manufacturing survey	Sept.	11.5	-5.00	-4.70
TUESDAY, SEPT 17				
U.S. retail sales	Aug.	Waiting For Results	-0.30%	1.00%
Retail sales minus autos	Aug.	Waiting For Results	0.20%	0.40%
Industrial production	Aug.	Waiting For Results	0.10%	-0.60%
Capacity utilization	Aug.	Waiting For Results	77.90%	77.80%
Business inventories	July	Waiting For Results	0.40%	0.30%
Home builder confidence index	Sept.	Waiting For Results	40.00	39.00
WEDNESDAY, SEPT 18				
Housing starts	Aug.	Waiting For Results	1.31 million	1.24 million
Building permits	Aug.	Waiting For Results	1.41 million	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	230,000
Philadelphia Fed manufacturing survey	Sept.	Waiting For Results	2.70	-7.00
Existing home sales	Aug.	Waiting For Results	3.88 million	3.95 million
U.S. leading economic indicators	Aug.	Waiting For Results	-0.40%	-0.60%
FRIDAY, SEPT 20				
None scheduled				

Chart of the Day: NY Empire State Manufacturing Index



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Sources: Bloomberg, Reuters, MarketWatch.com, edwardjones.com, advisorperspectives.com, taintedalpha.com, options express, yahoo finance, estimize.com, stockcharts.com, tradingeconomics.com, dshort.com