



Calibrate | Focus | Execute

Market Conditions

September 17, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 16/32	-2/32	3.72	5.31%	3.46
FNMA15 5.0 OCT	101 11/32	-4/32	4.33	4.64%	4.03
GNMAI30 5.5 OCT	101 6/32	-2/32	3.53	5.54%	3.29

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 26/32	-5/32	4.51	3.45	4.49
10yr Treasury	101 29/32	-6/32	8.23	3.65	7.81
30yr Treasury	105 10/32	-9/32	17.35	3.95	16.20

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	41,547.42	-0.15%	Dollar	\$100.92	+0.16%
S&P 500	5,624.92	-0.13%	Gold	2589.40	-0.08%
Nasdaq	17,600.82	+0.06%	Crude Oil	\$71.76	+2.43%

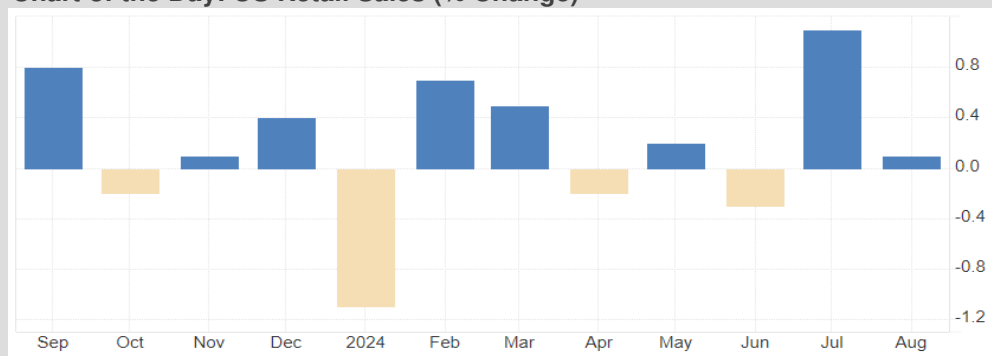
Economic Commentary

MBS prices are down about 2/32 this morning while the DOW is down about 80 points as investors assessed fresh retail sales data as we wait for a Federal Reserve meeting pivotal to an interest rate cut. Total retail sales increased 0.1% month-over-month in August (Briefing.com consensus -0.2%) following an upwardly revised 1.1% (from 1.0%) in July. Excluding autos, retail sales were also up 0.1% (Briefing.com consensus 0.2%) following an unrevised 0.4% increase in July. The key takeaway from the report is that control group sales – the component that factors into GDP – were up a sturdy 0.3% following an upwardly revised 0.4% increase (from 0.3%) in July and 0.9% increase in June. There is no hard landing in those numbers. Total industrial production increased 0.8% month-over-month in August (Briefing.com consensus 0.1%) following a downwardly revised 0.9% decline (from -0.6%) in July. The capacity utilization rate increased to 78.0% (Briefing.com consensus 77.9%) from a downwardly revised 77.4% (from 77.8%) in July. Total industrial production was flat yr/yr while the capacity utilization rate was 1.7 percentage points below its long-run average. The key takeaway from the report is that industrial production snapped back in August, led by manufacturing output and a near 10% increase in the index of motor vehicles and parts, after being depressed by Hurricane Beryl in July. The NAHB/Wells Fargo Housing Market Index in the US rose to 41 in September 2024 from 39 in the previous month and above forecasts of 40. This breaks a string of four consecutive monthly declines. The gauge for current sales conditions rose one point to 45, sales expectations in the next six months increased four points to 53, and traffic of prospective buyers posted a two-point gain to 27. Meanwhile, the share of builders cutting prices dropped in September for the first time since April, down one point to 32%. Stocks are setting up for gains as the odds of a 0.5% Fed rate cut creep higher, with just one day to go before officials reveal their monetary policy decision. The central bank's two-day meeting, which begins Tuesday, is prevalently expected to bring the first easing in rates since early 2020.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
TUESDAY, SEPT 17				
U.S. retail sales	Aug.	0.10%	-0.20%	1.10%
Retail sales minus autos	Aug.	0.10%	0.20%	0.40%
Industrial production	Aug.	-0.20%	0.20%	-0.90%
Capacity utilization	Aug.	78.00%	77.90%	77.80%
Business inventories	July	0.40%	0.30%	0.30%
Home builder confidence index	Sept.	41.00	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: US Retail Sales (% Change)



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