



Calibrate | Focus | Execute

**Market Conditions**

September 18, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 14/32	-3/32	3.69	5.33%	3.43
FNMA15 5.0 OCT	101 11/32	-1/32	4.32	4.64%	4.02
GNMAI30 5.5 OCT	101 3/32	-3/32	3.54	5.54%	3.30

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 22/32	-4/32	4.51	3.48	4.49
10yr Treasury	101 19/32	-8/32	8.23	3.69	7.81
30yr Treasury	104 17/32	-16/32	17.35	3.99	16.20

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	41,639.55	+0.09%	Dollar	\$100.85	-0.05%
S&P 500	5,640.67	+0.09%	Gold	\$2,600.50	+0.32%
Nasdaq	17,644.72	+0.07%	Crude Oil	\$70.58	-0.83%

**Economic Commentary**

MBS prices are down about 3/32 this morning while the DOW is up about 30 points as investors brace for the Federal Reserve's long-awaited policy decision, with the market still divided on the size of the expected rate cut. Investors are still guessing at whether hopes for a 0.5% cut will be fulfilled or the historic pattern of 0.25% moves will repeat itself. In recent days, traders have stepped up bets on a bigger cut even after Fed officials earlier in September flagged they were more likely to trim the benchmark rate by 25 basis points. As of Wednesday morning, fed funds futures were pricing in a better than 60% chance the Fed goes large, up from just 15% odds a week ago. Today's economic reports showed that housing starts increased 9.6% month-over-month to a seasonally adjusted annual rate of 1.356 million units (Briefing.com consensus 1.320 million), bolstered by a 15.8% increase in single-unit starts. Building permits increased 4.9% month-over-month to a seasonally adjusted annual rate of 1.475 million (Briefing.com consensus 1.415 million), aided by a 2.8% increase in single-unit permits. The key takeaway from the report is that single-unit starts and permits were up in every region, reflecting increased activity among builders that has been facilitated by sliding interest rates and pent-up demand. Mortgage applications in the US soared by 14.2% from the previous week in the period ending September 13th, the fourth consecutive gain, marking the sharpest increase since the 18-month high of 16.8% in mid-August. The surge in mortgage demand was in line with the decline in borrowing costs, with the average interest rate on a benchmark mortgage falling by 14bps from the earlier week to a two-year low of 6.15%, tracking the plunge in long-dated Treasury yields ahead of the start of rate cuts by the Federal Reserve. Applications to refinance a mortgage, which are more sensitive to short-term changes in interest rates, soared by 24% from the prior week. Additionally, applications for a mortgage to purchase a new home were 5% higher.

**Economic Calendar**

	PERIOD	ACTUAL	FORECAST	PREVIOUS
<b>WEDNESDAY, SEPT 18</b>				
Housing starts	Aug.	1.356 million	1.32 million	1.24 million
Building permits	Aug.	1.475 million	1.41 million	1.4 million
FOMC interest-rate decision				
Fed Chair Powell press conference				
<b>THURSDAY, SEPT 19</b>				
Initial jobless claims	Sept. 14	Waiting For Results	229,000	230,000
Philadelphia Fed manufacturing survey	Sept.	Waiting For Results	-1.10	-7.00
Existing home sales	Aug.	Waiting For Results	3.9 million	3.95 million
U.S. leading economic indicators	Aug.	Waiting For Results	-0.30%	-0.60%
<b>FRIDAY, SEPT 20</b>				
None scheduled				
<b>MONDAY, SEPT. 23</b>				
S&P flash U.S. services PMI	Sept.	Waiting For Results	--	55.70
S&P flash U.S. manufacturing PMI	Sept.	Waiting For Results	--	47.90
<b>TUESDAY, SEPT. 24</b>				
Case-Shiller home price index (20 cities)	July	Waiting For Results	--	6.50%
Consumer confidence	Sept.	Waiting For Results	--	103.30
<b>WEDNESDAY, SEPT. 25</b>				
New home sales	Aug.	Waiting For Results	--	739,000
<b>THURSDAY, SEPT. 26</b>				
Initial jobless claims	Sept. 21	Waiting For Results	--	--
Durable-goods orders	Aug.	Waiting For Results	--	9.80%
Durable-goods minus transportation	Aug.	Waiting For Results	--	-0.20%
GDP (second revision)	Q2	Waiting For Results	--	3.00%
Pending home sales	Aug.	Waiting For Results	--	-5.50%
<b>FRIDAY, SEPT. 27</b>				
Personal income	Aug.	Waiting For Results	--	0.30%
Personal spending	Aug.	Waiting For Results	--	0.50%
PCE index	Aug.	Waiting For Results	--	0.20%
PCE (year-over-year)	2023-2024	Waiting For Results	--	2.50%
Core PCE index	Aug.	Waiting For Results	--	0.20%
Core PCE (year-over-year)	2023-2024	Waiting For Results	--	2.60%
Advanced U.S. trade balance in goods	July	Waiting For Results	--	--
Advanced retail inventories	July	Waiting For Results	--	--
Advanced wholesale inventories	July	Waiting For Results	--	--
Consumer sentiment (final)	Sept.	Waiting For Results	--	69.00

**Chart of the Day: MBA Mortgage Applications (% Change)**

