



Market Conditions

September 26, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 3/32	-2/32	3.72	5.38%	3.49
FNMA15 5.0 OCT	101 12/32	-2/32	4.32	4.61%	4.05
GNMA130 5.5 OCT	100 28/32	-2/32	3.54	5.55%	3.32

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 23/32	-4/32	4.51	3.54	4.52
10yr Treasury	100 20/32	-2/32	8.23	3.78	7.86
30yr Treasury	101 29/32	+3/32	17.35	4.13	16.31

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	42,098.73	+0.45%	Dollar	\$100.92	+0.01%
S&P 500	5,755.02	+0.57%	Gold	\$2,686.30	+0.06%
Nasdaq	18,245.87	+0.91%	Crude Oil	\$67.37	-3.33%

Economic Commentary

MBS prices are down about 2/32 this morning while the DOW is up about 180 points as investors welcomed a slew of updates, including solid US economic data, Micron's upbeat earnings, and China's pledges of more stimulus, while they waited to hear from Jerome Powell. Helping the upbeat mood were growing expectations for another jumbo interest rate cut from the Federal Reserve. Traders are pricing in 60% odds of a 0.5% move at its November meeting, versus 40% a week ago. Investors are waiting for Fed Chair Powell's statement later to test those hopes, the highlight in a parade of Fed speakers this morning. Their comments will set the stage for Friday's highly anticipated reading on the PCE index, the inflation metric preferred by the Fed. Today's economic reports showed that Initial jobless claims for the week ending September 21 decreased by 4,000 to 218,000 (Briefing.com consensus 224,000). Continuing jobless claims for the week ending September 14 increased by 13,000 to 1.834 million. The key takeaway from the report is the continuing low level of initial jobless claims -- a leading indicator -- that isn't leading the market to think a recession is imminent. The third estimate for Q2 GDP remained at 3.0% (Briefing.com consensus 3.0%). Similarly, the third estimate for the Q2 GDP Deflator remained at 2.5% (Briefing.com consensus 2.5%). The key takeaway from this backward-looking report (we're just days away from the end of the third quarter) is that personal spending (+2.8%) was nowhere near a recession glide path, having exceeded the prior eight quarter average of 2.2%. Durable goods orders were flat month-over-month in August (Briefing.com consensus -2.9%) following an unrevised 9.9% increase in July. Excluding transportation, durable goods orders were up 0.5% month-over-month (Briefing.com consensus 0.1%) following an upwardly revised 0.1% decline (from -0.2%) in July. The key takeaway from the report is that new orders for nondefense capital goods excluding aircraft -- a proxy for business spending -- increased 0.2% month-over-month, bouncing back from a 0.2% decline in July.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, SEPT. 26				
Initial jobless claims	Sept. 21	Waiting For Results	223,000	219,000
Durable-goods orders	Aug.	Waiting For Results	-3.00%	9.80%
Durable-goods minus transportation	Aug.	Waiting For Results	--	-0.20%
GDP (second revision)	Q2	Waiting For Results	2.90%	3.00%
Pending home sales	Aug.	Waiting For Results	1.00%	-5.50%
FRIDAY, SEPT. 27				
Personal income	Aug.	Waiting For Results	0.40%	0.30%
Personal spending	Aug.	Waiting For Results	0.30%	0.50%
PCE Index	Aug.	Waiting For Results	0.10%	0.20%
PCE (year-over-year)	2023-2024	Waiting For Results	2.20%	2.50%
Core PCE index	Aug.	Waiting For Results	0.20%	0.20%
Core PCE (year-over-year)	2023-2024	Waiting For Results	2.70%	2.60%
Advanced U.S. trade balance in goods	Aug.	Waiting For Results	--	102.7B
Advanced wholesale inventories	Aug.	Waiting For Results	--	0.30%
Advanced retail inventories	Aug.	Waiting For Results	--	0.80%
Consumer sentiment (final)	Sept.	Waiting For Results	69.20	69.00
MONDAY, SEPT. 30				
Chicago Business Barometer (PMI)	Sept.	Waiting For Results	--	46.10
TUESDAY, OCT. 1				
S&P final U.S. manufacturing PMI	Sept.	Waiting For Results	--	--
ISM manufacturing	Sept.	Waiting For Results	--	0.47
Construction spending	Aug.	Waiting For Results	--	-0.30%
Job openings	Aug.	Waiting For Results	--	--
Auto sales	Sept.	Waiting For Results	--	15.1 million
WEDNESDAY, OCT. 2				
ADP employment	Sept.	Waiting For Results	--	99,000
THURSDAY, OCT. 3				
Initial jobless claims	Sept. 28	Waiting For Results	--	--
S&P final U.S. services PMI	Sept.	Waiting For Results	--	--
ISM services	Sept.	Waiting For Results	--	51.50%
Factory orders	Aug.	Waiting For Results	--	0.05

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

