



Calibrate | Focus | Execute

Market Conditions

October 1, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 11/32	+9/32	3.74	5.35%	3.43
FNMA15 5.0 OCT	101 13/32	+1/32	4.30	4.62%	3.95
GNMAII30 5.5 OCT	101 1/32	+7/32	3.52	5.52%	3.23

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	100 2/32	+11/32	4.54	3.49	4.46
10yr Treasury	101 11/32	+19/32	8.21	3.71	7.69
30yr Treasury	103 11/32	+1 5/32	17.32	4.06	15.96

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	42,042.55	-0.65%	Dollar	\$101.31	+0.53%
S&P 500	5,689.54	-1.24%	Gold	\$2,691.20	+1.20%
Nasdaq	17,813.16	-2.07%	Crude Oil	\$71.56	+5.06%

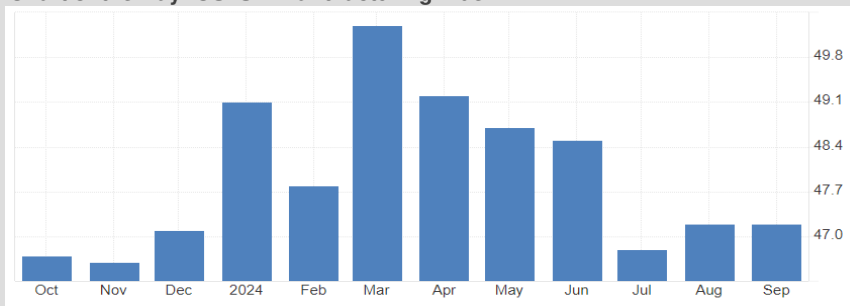
Economic Commentary

MBS prices are up about 9/32 this morning while the DOW is down about 280 points as investors assessed a new batch of economic data. Meanwhile, reports that Iran is preparing a potential missile strike against Israel pushed bond yields lower and boosted the price of crude oil. Today's economic reports showed that the September ISM Manufacturing Index checked in at 47.2% (Briefing.com consensus 47.7%), unchanged from August. The dividing line between expansion and contraction is 50.0%, so the September reading suggests the pace of contraction in the manufacturing sector was the same as the prior month. This was the sixth straight month (and 22nd out of 23) that economic activity in the manufacturing sector contracted. The key takeaway from the report is that it has reinforced the understanding that conditions in the U.S. manufacturing sector are weak, reflected further in the weakening employment index. Total construction spending declined 0.1% month-over-month in August (Briefing.com consensus 0.1%) following a downwardly revised 0.5% decline (from -0.3%) in July. Total private construction was down 0.2% month-over-month while total public construction was up 0.3% month-over-month. On a year-over-year basis, total construction spending was up 4.1%. The key takeaway from the report is that new single-family construction weakened further despite sliding interest rates. Fresh jobs and manufacturing data kicked off the new quarter as investors searched for further clues on the future of the Federal Reserve's easing cycle after Fed Chair Jerome Powell hinted the central bank is not in a rush to rapidly cut rates. Job openings surprisingly increased in August, furthering the narrative that while the labor market is cooling, it's not rapidly slowing. New data showed there were 8.04 million jobs open at the end of August, an increase from the 7.71 million seen in July.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
TUESDAY, OCTOBER 1				
S&P final U.S. manufacturing PMI	Sept.	47.30	47.00	47.00
ISM manufacturing	Sept.	47.20%	47.70%	47.00%
Construction spending	Aug.	-0.10%	0.01%	-0.50%
Job openings	Aug.	8 million	7.7 million	7.7 million
WEDNESDAY, OCT. 2				
ADP employment	Sept.	Waiting For Results	128,000	99,000
THURSDAY, OCT. 3				
Initial jobless claims	Sept. 28	Waiting For Results	220,000	218,000
S&P final U.S. services PMI	Sept.	Waiting For Results	55.40	55.40
ISM services	Sept.	Waiting For Results	51.50%	51.50%
Factory orders	Aug.	Waiting For Results	0.00%	5.00%
FRIDAY, OCT. 4				
U.S. nonfarm payroll	Sept.	Waiting For Results	150,000	142,000
U.S. unemployment rate	Sept.	Waiting For Results	4.20%	4.20%
U.S. hourly wages	Sept.	Waiting For Results	0.30%	0.40%
Hourly wages year over year	0-Jan	Waiting For Results	3.80%	3.80%
MONDAY, OCT. 7				
Consumer credit	Sept.	Waiting For Results	--	\$25.5B
TUESDAY, OCT. 8				
NFIB optimism index	Sept.	Waiting For Results	--	91.20
U.S. trade deficit	Aug.	Waiting For Results	--	\$78.8 B
WEDNESDAY, OCT. 9				
Wholesale inventories	Aug.	Waiting For Results	--	0.20%
Minutes of Fed's Sept FOMC meeting				
THURSDAY, OCT. 10				
Initial jobless claims	Oct. 5	Waiting For Results	--	--
Consumer price index	Sept.	Waiting For Results	--	0.20%
Core CPI	Sept.	Waiting For Results	--	0.30%
CPI year over year	2023-2024	Waiting For Results	--	2.50%
FRIDAY, OCT. 11				
Producer price index	Sept.	Waiting For Results	--	0.20%
Core PPI	Sept.	Waiting For Results	--	0.30%
PPI year over year	15-Jul	Waiting For Results	--	1.70%
Core PPI year over year	16-Jul	Waiting For Results	--	3.30%
Consumer sentiment (prelim)	Oct.	Waiting For Results	--	70.10

Chart of the Day: US ISM Manufacturing Index



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