



Calibrate | Focus | Execute

Market Conditions

October 3, 2024

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 5.5 OCT	101 1/32	-6/32	3.69	5.39%	3.39
FNMA15 5.0 OCT	101 6/32	-4/32	4.31	4.65%	3.97
GNMAII30 5.5 OCT	100 27/32	-5/32	3.54	5.58%	3.26

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 17/32	-5/32	4.54	3.61	4.47
10yr Treasury	100 13/32	-9/32	8.21	3.83	7.71
30yr Treasury	101 18/32	-12/32	17.32	4.17	15.99

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	41,958.56	-0.55%	Dollar	\$102.04	+0.35%
S&P 500	5,692.68	-0.27%	Gold	\$2,670.01	+0.07%
Nasdaq	17,893.89	-0.17%	Crude Oil	\$73.13	+4.29%

Economic Commentary

MBS prices are down about 6/32 this morning while the DOW is down about 220 points as the focus tentatively turned back to the economy and the monthly jobs report. Some calm has returned to a market rattled by escalating Mideast tensions that have driven sharp gains in oil prices. Israel has yet to launch its promised retaliation to Iran's missile strike yesterday amid efforts by Western and regional leaders to stabilize the situation. Investors are now bracing for the highly anticipated September jobs report tomorrow after a surprise uptick in private payrolls came alongside signs the labor market is loosening up. Today's economic reports showed that initial jobless claims for the week ending September 28 increased by 6,000 to 225,000 (Briefing.com consensus 223,000) while continuing jobless claims for the week ending September 21 decreased by 1,000 to 1.826 million. The key takeaway from the report is that initial jobless claims, a leading indicator, remain well below recession-like levels (the average of initial claims for the last five recessions, excluding the COVID recession, was 458,000), imparting an encouraging understanding that the labor market might be bending but it isn't breaking. The ISM Services PMI increased to 54.9% in September (Briefing.com consensus 51.6%) from 51.5% in August. That is the highest reading since February 2023. The dividing line between expansion and contraction is 50.0%, so the September reading reflects services sector activity accelerating from August. The key takeaway from the report is that overall activity in the largest sector of the U.S. economy accelerated in September, albeit without an expansion in employment activity, as new orders increased along with prices. net-net, this is a report that meshes more with a soft landing outcome than a hard landing one. Factory orders decreased 0.2% month-over-month in August (Briefing.com consensus 0.1%) following a downwardly revised 4.9% increase (from 5.0%) in July. Excluding transportation, factory orders decreased 0.1% on the heels of a 0.3% increase in July. Shipments of manufactured goods fell 0.5% in August following a 0.8% increase in July. The key takeaway from the report is that business spending rebounded in August.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
THURSDAY, OCT. 3				
Initial jobless claims	Sept. 28	225,000	223,000	219,000
S&P final U.S. services PMI	Sept.	54.0	55.40	55.60
ISM services	Sept.	54.9%	51.60%	51.50%
Factory orders	Aug.	-0.20%	.010%	4.90%
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 Initial Jobless Claims (Thousands)

