



Market Conditions

January 28, 2025

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 FEB	100 20/32	+1/32	3.46	5.78%	2.61
FNMA15 5.5 FEB	100 21/32	+1/32	4.50	5.04%	3.39
GNMAI30 6.0 FEB	100 24/32	+1/32	2.77	5.90%	2.09

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 17/32	-19/32	4.44	4.37	3.64
10yr Treasury	97 19/32	-4/32	7.76	4.57	6.02
30yr Treasury	95 11/32	-11/32	15.37	4.81	11.67

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	44,900.81	+0.42%	Dollar	\$107.83	+0.55%
S&P 500	6,067.89	+0.94%	Gold	\$2,768.30	+1.08%
Nasdaq	19,704.96	+1.88%	Crude Oil	\$73.19	+0.04%

Economic Commentary

MBS prices are up about 1/32 this morning while the DOW is up about 175 points as technology stocks are rebounding from yesterday's sell-off that was sparked by Chinese AI startup DeepSeek, whose large-language model reportedly performs comparably to those of leading U.S. technology companies, despite being developed at a fraction of the cost and requiring less computing power. In global markets, Asia was mixed, as some markets were closed or had shortened trading sessions due to the Lunar New Year holiday. The U.S. dollar is advancing versus major currencies. In the commodity space, WTI oil and gold are trading higher. The Fed's Federal Open Market Committee (FOMC) will conclude its January meeting on Wednesday, with markets expecting no change to the federal funds rate. We expect the Fed to slow the pace of easing, starting with a pause this month. With the fed funds rate currently around 4.35% and the core personal consumption expenditure (PCE -the Fed's preferred inflation measure) at 2.8% annualized, monetary policy likely remains restrictive. U.S. Treasuries have seen limited movement in the early going of today's session, leaving action near yesterday's intraday lows. The sideways trade has taken place even though the market received a few economic reports, led by a below-consensus Durable Goods report for December (-2.2%; Briefing.com consensus 0.4%) and a Consumer Confidence report for January (104.1; Briefing.com consensus 108.1; prior 109.5). Bond yields are rising, with the 10-year U.S. Treasury yield at 4.57%.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
TUESDAY, JAN. 28				
Durable-goods orders	Dec.	-2.20%	0.50%	-2.00%
Durable-goods minus transportation	Dec.	0.30%	--	-0.20%
Case-Shiller home price index (20 cities)	Nov.	4.30%	4.30%	4.20%
Consumer confidence	Jan.	104.10	106.00	109.50
WEDNESDAY, JAN. 29				
Advanced U.S. trade balance in goods	Dec.	Waiting for Results	--	-\$103.5B
Advanced retail inventories	Dec.	Waiting for Results	--	0.30%
Advanced wholesale inventories	Dec.	Waiting for Results	--	-0.20%
FOMC interest-rate decision				
Fed Chair Powell press conference				
THURSDAY, JAN. 30				
GDP	Q1	Waiting for Results	2.50%	3.10%
Initial jobless claims	Jan. 25	Waiting for Results	228,000	223,000
Pending home sales	Dec.	Waiting for Results	0.30%	2.20%
FRIDAY, JAN. 31				
Employment cost index	Q4	Waiting for Results	0.90%	0.80%
Personal income (nominal)	Dec.	Waiting for Results	0.40%	0.30%
Personal spending (nominal)	Dec.	Waiting for Results	0.60%	0.40%
PCE index	Dec.	Waiting for Results	0.30%	0.10%
PCE (year-over-year)	0-Jan	Waiting for Results	2.60%	2.40%
Core PCE index	Dec.	Waiting for Results	0.20%	0.10%
Core PCE (year-over-year)	0-Jan	Waiting for Results	2.80%	2.80%
Chicago Business Barometer (PMI)	Jan.	Waiting for Results	41.00	38.90
MONDAY, FEB. 3				
S&P final U.S. manufacturing PMI	Jan.	Waiting for Results	--	50.10
Construction spending	Dec.	Waiting for Results	--	0.00%
ISM manufacturing	Jan.	Waiting for Results	--	49.30%
Auto sales	Jan.	Waiting for Results	--	16.8 million
TUESDAY, FEB. 4				
Job openings	Dec.	Waiting for Results	--	8.1 million
Factory orders	Dec.	Waiting for Results	--	-0.40%
WEDNESDAY, FEB. 5				
ADP employment	Jan.	Waiting for Results	--	122,000
U.S. trade deficit	Dec.	Waiting for Results	--	-\$78.2B
S&P final U.S. services PMI	Jan.	Waiting for Results	--	52.80
ISM services	Jan.	Waiting for Results	--	54.10%
THURSDAY, FEB. 6				
Initial jobless claims	Feb. 1	Waiting for Results	--	--
U.S. productivity	Q4	Waiting for Results	--	2.20%
FRIDAY, FEB. 7				
U.S. employment report	Jan.	Waiting for Results	--	256,000
U.S. unemployment rate	Jan.	Waiting for Results	--	4.10%
U.S. hourly wages	Jan.	Waiting for Results	--	0.30%
Hourly wages year over year	0-Jan	Waiting for Results	--	3.90%
Wholesale inventories	Dec.	Waiting for Results	--	-0.20%
Consumer sentiment (prelim)	Jan.	Waiting for Results	--	71.10
Consumer credit	Dec.	Waiting for Results	--	-\$7.5B

Chart of the Day: US Durable Goods Orders (% Change)

