



Calibrate | Focus | Execute

Market Conditions

January 29, 2025

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 FEB	100 21/32	-1/32	3.43	5.76%	2.58
FNMA15 5.5 FEB	100 24/32	+1/32	4.49	4.99%	3.37
GNMA130 6.0 FEB	100 23/32	-1/32	2.76	5.89%	2.08

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 18/32	-2/32	4.44	4.32	3.63
10yr Treasury	97 22/32	-2/32	7.76	4.52	6.00
30yr Treasury	95 19/32	-1/32	15.37	4.76	11.63

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	44,851.64	-0.01%	Dollar	\$108.02	+0.14%
S&P 500	6,043.17	-0.40%	Gold	\$2,773.10	+0.21%
Nasdaq	19,581.44	-0.75%	Crude Oil	\$73.21	-0.79%

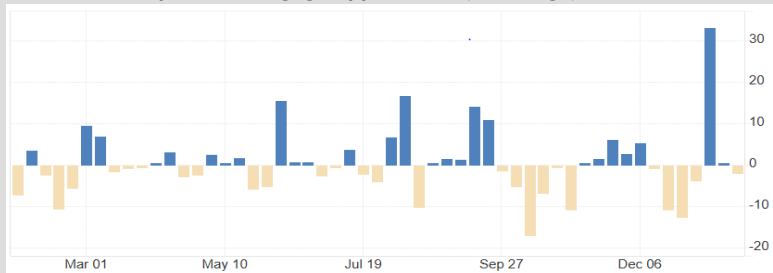
Economic Commentary

MBS prices are down about 1/32 this morning while the DOW is down about 10 points as the looming Fed policy verdict is providing reason for markets to tread carefully, even though the central bank is expected to stand pat on interest rates. Investors will listen for answers to two key questions at Fed Chair Jerome Powell's press conference: How much further will the Fed cut rates and has the central bank changed its stance in light of President Trump's early tariff moves? U.S. Treasuries have spent the initial two hours of action in a sideways range, defending their opening gains. Treasuries attempted to build on their opening gains during the first few minutes of trade, but found resistance right as yields dipped below their lows from Monday. Economic data released today, which included a widening in the advance international goods trade deficit for December (to -\$122.1 bln from \$103.5 bln), a decrease in advance retail inventories (-0.3%), and a decrease in advance wholesale inventories (-0.5%) had no immediate impact on the market, but it prompted the Atlanta Fed to lower its GDPNow forecast for Q4 GDP to 2.3% from 3.2% in the previous estimate. Equities are seeing some early pressure with the Nasdaq (-0.6%) trailing the S&P 500 (-0.3%) ahead of this afternoon's FOMC Statement. Mortgage applications in the US fell by 2% from the previous week in the period ending January 31st, trimming the 33.4% surge from two weeks earlier, which was the sharpest increase in weekly application volumes since 2020, according to data compiled by the Mortgage Bankers Association. The drop took place as benchmark mortgage rates remained above the 7% threshold despite the plunge in long-dated Treasury yields, as financial markets pared concerns that sweeping tariffs by the Trump administration would de-anchor inflation expectations. Applications for a contract to refinance a mortgage, which are more sensitive to short-term changes in interest rates, fell by 7%. In turn, applications for a mortgage to purchase a new home eased by 0.4%.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
WEDNESDAY, JAN. 29				
Advanced U.S. trade balance in goods	Dec.	-\$122.1B	-105.4B	-\$103.5B
Advanced retail inventories	Dec.	0.30%	--	0.00%
Advanced wholesale inventories	Dec.	-0.50%	--	-0.10%
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	36.90
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: MBA Mortgage Applications (% Change)



Mortgage Capital Management, Inc. | 858-483-4404 | info@mortcap.com | mortcap.com

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