



Calibrate | Focus | Execute

Market Conditions

February 4, 2025

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
FNMA30 6.0 FEB	100 26/32	+3/32	3.45	5.74%	2.60
FNMA15 5.5 FEB	100 28/32	+6/32	4.50	4.99%	3.39
GNMAI30 6.0 FEB	100 29/32	+5/32	2.78	5.88%	2.09

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	99 21/32	+6/32	4.44	4.32	3.63
10yr Treasury	97 27/32	+9/32	7.72	4.52	5.97
30yr Treasury	95 28/32	+16/32	15.24	4.76	11.54

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	44,479.25	+0.13%	Dollar	\$107.99	-0.92%
S&P 500	6,029.78	+0.58%	Gold	\$2,875.60	+0.66%
Nasdaq	19,620.24	+1.17%	Crude Oil	\$72.89	-0.37%

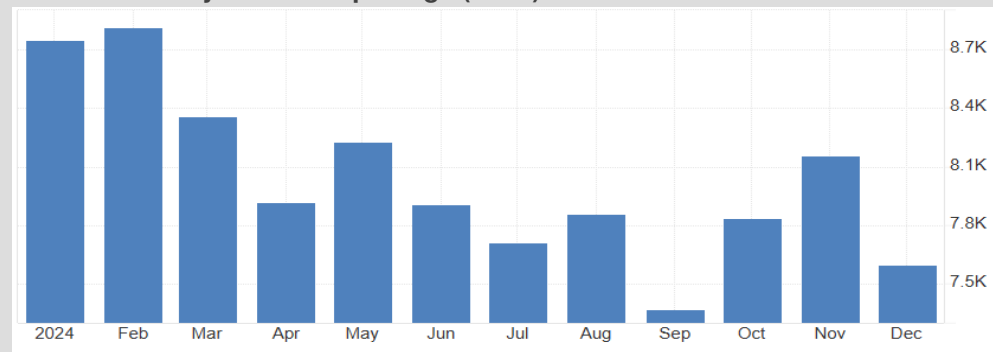
Economic Commentary

MBS prices are up about 3/32 this morning while the DOW is up about 55 points as investors assessed China's instant retaliation to US President Donald Trump's additional tariffs amid worries about the risk of a trade war. Traders also took in fresh jobs data, with job openings declining more than expected in December. Investors are continuing to watch any signs of cooling in the labor market as the Federal Reserve debates future interest rate cuts in the face of sticky inflation. Today's economic reports showed that job openings in the United States fell by 556,000 to 7.6 million in December 2024, missing the market expectation of 8.0 million and indicating a gradual cooling of the labor market. Notable decreases occurred in professional and business services (-225,000), health care and social assistance (-180,000), and finance and insurance (-136,000). Factory orders decreased 0.9% month-over-month in December (Briefing.com consensus -0.3%) following a downwardly revised 0.8% decline (from -0.4%) in November. Excluding transportation, factory orders rose 0.3% on the heels of a 0.2% increase in November. Shipments of manufactured goods jumped 0.6% in December following a 0.1% increase in November. The key takeaway from the report is that the weakness in factory orders was concentrated in the durable goods space, and primarily in nondefense aircraft and parts; but business spending was up, evidenced by the growth in new orders for nondefense capital goods excluding aircraft. Beijing reacted swiftly on Tuesday to Trump's additional 10% levies on Chinese imports going into effect at midnight. China slapped tariffs of 15% on US coal and liquified natural gas, starting Feb. 10, alongside 10% duties on imports of crude oil, farm equipment, and some autos. The tit-for-tat measures raise the risk of an escalation into trade war that would damage both of the world's top two economies. But some on Wall Street see the Chinese response as showing restraint that opens the door to compromise, as seen in the US tariff postponement deals with Mexico and Canada. Giving more cause for optimism, Trump brought forward talks with China's President Xi Jinping. He said on Monday they would take place "probably over the next 24 hours," rather than later in the week.

Economic Calendar

	PERIOD	ACTUAL	FORECAST	PREVIOUS
TUESDAY, FEB. 4				
Job openings	Dec.	7.6 million	8.0 million	8.2 million
Factory orders	Dec.	-0.90%	-0.80%	-0.80%
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 Job Openings (MoM)



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