



**Market Conditions**

MBS	Current Price	Change	MBS	Current Price	Change
FNMA30 4.0	102 11.5/32	-3/32	FNMA30 3.5	99 22/32	-3.5/32
FNMA15 3.0	99 17.5/32	-4.5/32	FNMA15 3.5	97 13.5/32	-4.5/32
Treasuries	Current Price	Change	Yield		
3m Treasury	1.59	0.75/32	1.616%		
2yr Treasury	99 18.75/32	-1.5/32	2.219%		
5yr Treasury	98 22.25/32	-4.5/32	2.658%		
10yr Treasury	98 23/32	-7/32	2.899%		
30yr Treasury	97 4/32	-11/32	3.149%		
Stocks	Current Price	Change	Commodities	Current Price	Change
Dow	25,030.28	-0.76%	DOLLAR	89.595	0.495
Nasdaq	6,796.58	0.38%	Gold	1337.2	-16
S&P 500	2,725.79	-0.24%	Crude Oil	61.89	0.34%

**Economic Commentary**

Friday bonds and mortgages ended the week on a flat note. They had been in the negative after Wednesday's sell off. The 10-yr note found resistance near levels from Tuesday while the long bond reversed after nearing its opening high from Wednesday. There was a slight pullback that was fueled by the argument that the administration's policies could spark a trade war. Specifically, the Commerce Department recommends (1) a global tariff of 24.0% on all steel imports, (2) a 53.0% tariff on steel imports from 12 countries (including China) and a quota on imports from elsewhere, or (3) a quota on all steel imports. The Department made similar recommendations regarding aluminum, proposing (1) a 7.7% tariff on all aluminum imports, (2) a 23.6% tariff on aluminum products exported from China, Hong Kong, Russia, Venezuela, and Vietnam, or (3) a quota on all aluminum imports. President Trump has until April to accept or reject the recommendations. The FNMA30 4.0 coupon was up 8.5/32nds on the day.

In the overnight session 10 Yr. treasury futures moved lower in overnight action. Futures retreated in overnight action, and they remained in the red, though they have edged up off overnight lows. The early selling comes ahead of this week's slate of Treasury note auctions. The overnight session was fairly quiet with markets in China remaining closed through tomorrow for Lunar New Year.

This morning bonds and mortgages opened down this morning, but have bounced from the lows. The FNMA30 4.0 coupon was down 7.5/32nds and is currently down 3.5/32nds. There is no economic news today and news is light to non-existent for the short week. Other than the auctions for the week we get the FOMC minutes on Wednesday. The 10 Year yield is sitting on 2.90%

**Economic Calendar**

	Date	Actual	Estimated	Prior
<b>MONDAY, FEB. 19</b>				
	Presidents' Day			
	None scheduled			
<b>TUESDAY, FEB. 20</b>				
	None scheduled			
<b>WEDNESDAY, FEB. 21</b>				
Markit manufacturing PMI (flash)	Feb.			55.5
Markit services PMI (flash)	Feb.			53.3
Existing home sales	Jan.			5.57mln
FOMC minutes	Jan. 31			
<b>THURSDAY, FEB. 22</b>				
Weekly jobless claims	Feb. 17		--	--
Leading economic indicators	Jan.			0.60%
<b>FRIDAY, FEB. 23</b>				
	None scheduled			

**Chart of the Day: 10 Year Yield**



Source: Bloomberg, Reuters, MarketWatch.com, morthgnewsdaily.com, Wall street Journal, Yahoo Finance, chart from raimedalpha.com, optionspress,ibort.com, ezimize.com, stockcharts.com, tradingeconomics.com

**Mortgage Capital Management**

1660 Hotel Circle North, Suite 700  
San Diego, California 92108  
Phone: 858.483.4404  
Email: info@mortcap.com  
[www.mortcap.com](http://www.mortcap.com)