



Market Conditions

June 23, 2017

MBS	Current Price	Change	MBS	Current Price	Change
FNMA30 3.5	103 4.5/32	-2/32	FNMA30 4.0	105 11.5/32	-1.5/32
FNMA15 2.5	100 28.5/32	-1.5/32	FNMA15 3.0	102 29.5/32	-2/32
Treasuries	Current Price	Change	Yield		
3m Treasury	0.94	0/32	0.958%		
2yr Treasury	99 26/32	-0.25/32	1.349%		
5yr Treasury	99 29.25/32	-1.25/32	1.768%		
10yr Treasury	101 28.5/32	-4/32	2.161%		
30yr Treasury	105 15.5/32	-10/32	2.73%		
Stocks	Current Price	Change	Commodities	Current Price	Change
Dow	#N/A	#N/A	DOLLAR	97.307	-0.286
Nasdaq	5,770.64	-0.16%	Gold	1256.5	+8.9
S&P 500	2,434.75	0.01%	Crude Oil	42.95	0.49%

Economic Commentary

Yesterday, prices of bonds and mortgages moved higher with the gains shared broadly across the yield curve, as the 30-year yield touched a fresh seven-month low. The U.S. economic data releases were minor but the Leading Economic Index improved as expected and the \$5 bln 30-year TIPS auction was met with strong demand. St. Louis Fed President James Bullard said that his colleagues are "unnecessarily aggressive" in their forecasts for future tightening.

In the overnight session, the 10 year treasury futures were ticking lower ahead of the release of new home sales data for May. Overnight, the purchasing managers' indices in the eurozone and Japan came out weaker than expected but the surveys still indicated robust growth in both the manufacturing and service sectors. The S&P 500 is set to open unchanged at 2,434.4

This morning bond and mortgage prices are just lower this morning following the release of a better-than-expected New Home Sales report for May. U.S. new home sales ran at a seasonally adjusted annual rate of 610K in May, beating out the Briefing.com consensus for a SAAR of 599K. April's pace was revised up to 593K from 569K. The median selling price jumped 16.8% y/y to a record \$345,800. Markit Composite PMI fell to 53.0 in June (prior 53.6). The manufacturing PMI dropped to 52.1 from 52.7 (nine-month low). The FNMA30 3.5 coupon price is currently off 2/32nds as the tight trading range continues.

Economic Data

	Date	Actual	Estimated	Prior
MONDAY, JUNE 19				
None scheduled	None scheduled			
TUESDAY, JUNE 20				
Current account deficit	Q1	-\$114bln	--	-\$112bln
WEDNESDAY, JUNE 21				
Existing home sales	May	5.62mln	5.51 mln	5.57 mln
THURSDAY, JUNE 22				
Weekly jobless claims	6/17/2017	241,000	240,000	237,000
Leading economic indicators	May	0.30%	0.30%	0.30%
FRIDAY, JUNE 23				
Markit manufacturing PMI (flash)	June		--	52.7
Markit services PMI (flash)	June		--	53.6
New home sales	May		590,000	569,000

Chart of the Day: 10 Year Yield



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