



Market Conditions

MBS	Current Price	Change	MBS	Current Price	Change
FNMA30 4.0	101 25.5/32	4/32	FNMA30 3.5	99 9/32	4.5/32
FNMA15 3.0	99 4/32	3/32	FNMA15 3.5	96 30/32	2.5/32
Treasuries	Current Price	Change	Yield		
3m Treasury	1.90	1/32	1.938%		
2yr Treasury	99 30/32	1.25/32	2.533%		
5yr Treasury	99 30.75/32	5/32	2.758%		
10yr Treasury	99 29/32	8.5/32	2.886%		
30yr Treasury	102 2/32	15.5/32	3.02%		
Stocks	Current Price	Change	Commodities	Current Price	Change
Dow	24,644.44	-1.39%	DOLLAR	95.078	0.277
Nasdaq	7,152.80	-1.38%	Gold	1272.8	-3.4
S&P 500	2,747.20	-0.97%	Crude Oil	64.59	-1.91%

Economic Commentary

Yesterday bonds and mortgages started higher but trickled back down and into negative territory by mid-morning. Equities which had opened lower but clawed their way back to by mid-morning. As the day wore on equities could not keep up the momentum and fell all going into the close. Bonds and mortgages moved slightly higher into the close getting back to mostly flat on the day. The FNMA30 4.0 coupon ended the day up a plus tick.

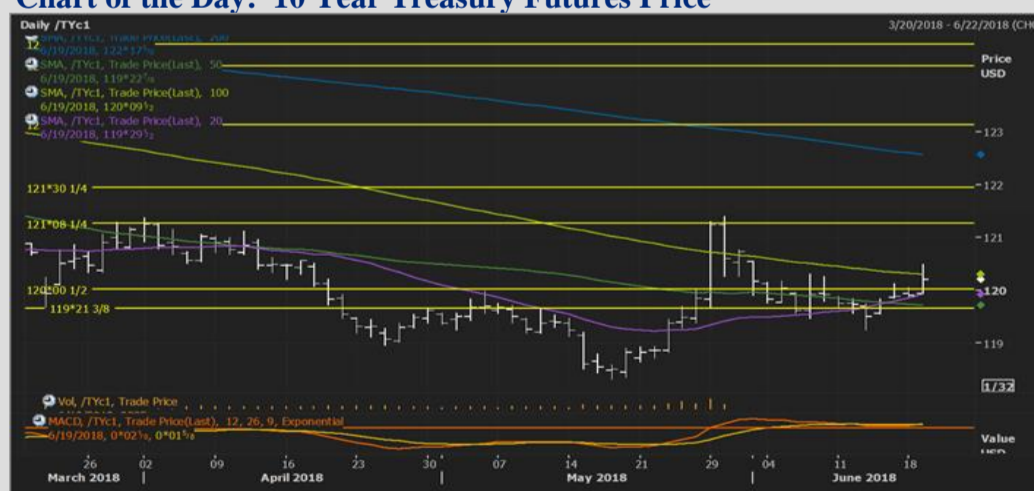
In the overnight session 10 Yr. treasury futures ran higher as trade war tensions heated up. President Trump called on his trade representatives to identify another \$200 billion worth of Chinese goods that could be hit by a 10.0% tariff. President Trump said the tariffs will be imposed if China does not change its practices and implements tariffs that were announced at the end of last week. It is worth noting that China imports just over \$100 billion worth of U.S. goods on an annual basis, suggesting the country could undertake asymmetric measures if it chooses to retaliate against the next round of tariffs. 10 Year futures were up 11/32nds ahead of the open of the US bond market.

This morning bonds and mortgages gapped higher following through on the overnight rally. The futures ran through the 100 Day moving average momentarily and then pulled right back, similar to the head fake at the end of May. This morning we had some housing data news in New Housing Starts and Building Permits. Housing starts were better than expected, however building permits fell. Prices of bonds and mortgages pulled back on the initial news but have recovered and the 10 Year treasury futures are flirting with the 100 Day moving average again. The FNMA30 4.0 coupon is now up 4/32nds.

Economic Calendar

	Date	Actual	Estimated	Prior
MONDAY, JUNE 18				
NAHB home builders' index	June	68		70
TUESDAY, JUNE 19				
Housing starts	May	1.350mln		1.287mln
Building permits	May	1.301mln		1.352mln
WEDNESDAY, JUNE 20				
Current account	Q1			-\$128bln
Existing home sales	May			5.46 mln
THURSDAY, JUNE 21				
Weekly jobless claims	6/16/2018			--
Philly Fed	June			34.4
Leading indicators	May			0.40%
FRIDAY, JUNE 22				
Markit manufacturing PMI (flash)	June			56.4
Markit services PMI (flash)	June			56.8

Chart of the Day: 10 Year Treasury Futures Price



Sources: Bloomberg, Reuters, MarketWatch.com, mortgagenewsdaily.com, Wall street Journal, Yahoo Finance, chart from taintedalpha.com, optionspress.dshort.com, estimize.com, stockcharts.com, tradingeconomics.com

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