



### Market Conditions

August 21, 2017

MBS	Current Price	Change	MBS	Current Price	Change
FNMA30 3.5	103 10.5/32	1.5/32	FNMA30 4.0	105 14.5/32	1/32
FNMA15 2.5	101 5.5/32	2.5/32	FNMA15 3.0	103 1.5/32	1.5/32
Treasuries	Current Price	Change	Yield		
3m Treasury	1.00	-0.25/32	1.011%		
2yr Treasury	100 4.25/32	0.5/32	1.305%		
5yr Treasury	100 19.25/32	2.5/32	1.747%		
10yr Treasury	100 19.5/32	4.5/32	2.182%		
30yr Treasury	99 19.5/32	6/32	2.769%		
Stocks	Current Price	Change	Commodities	Current Price	Change
Dow	21,619.95	-0.25%	DOLLAR	93.24	-0.194
Nasdaq	5,796.26	0.09%	Gold	1290.8	+5.1
S&P 500	2,424.99	-0.02%	Crude Oil	48.18	-0.68%

### Economic Commentary

Friday bonds and mortgages finished Friday on a down note after backing off their morning highs. The complex settled little changed for the week thanks to a mid-week rebound that erased losses from Monday and Tuesday. The market climbed in morning action, hitting highs just ahead of the release of a better than expected preliminary Michigan Sentiment Index for August (97.6; consensus 94.0). The selling that developed in the data's wake accelerated after it was reported that Steve Bannon will be leaving the administration. The chief strategist has been described as perhaps the most polarizing figure within President Trump's inner circle, so it could be argued that his departure will make it easier for President Trump to find common ground with Congress. However, it could also be argued that the headline simply provided a good excuse for some selling after two days of solid gains.

In the overnight session, prices of the 10 Year futures were up a tick or two. U.S. and South Korean forces began their joint 10-day Ulchi-Freedom Guardian exercise despite weekend warnings from North Korea that following through with the war games will 'add fuel to the fire.'

This morning bond and mortgage prices opened up of couple of ticks. Today was the Chicago National Activity Index which was fairly benign. There is no economic data on slate for tomorrow so technical and the equity market direction will rule today. Prices of bonds and mortgages have been trading in a narrow range for the past week with both the 10 Year treasury and the FNMA30 3.5 coupon trading at or near highs for the year. Equity markets have opened mixed so far so no indication for direction for bonds and mortgages at this point.

### Economic Data

	Date	Actual	Estimated	Prior
<b>MONDAY, AUG. 21</b>				
Chicago national activity index	July	-0.01		0.16
<b>TUESDAY, AUG. 22</b>				
	None scheduled			
<b>WEDNESDAY, AUG. 23</b>				
Markit manufacturing PMI (flash)	Aug.			53.3
Markit services PMI (flash)	Aug.			54.7
New home sales	July			610,000
<b>THURSDAY, AUG. 24</b>				
Weekly jobless claims	8/19/2017			232,000
Existing home sales	July			5.52 mln
<b>FRIDAY, AUG. 25</b>				
Durable goods orders	July			6.4%
Core capital goods orders	July			0.00%

### Chart of the Day: FNMA30 3.5 Coupon Price



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