



Calibrate | Focus | Execute

**Market Conditions**

**March 5, 2021**

MBS	Current Price	Change	OAS Dur	OAS Yld	Vol
UMBS 30 2.0	100 10/32	-6/32	6.76	1.93%	5.43
UMBS 15 2.0	103 1.5/32	-2.5/32	4.87	1.38%	4.07
GNNMAll 30 2.0	101 2/32	-6/32	6.60	1.83%	5.31

Treasuries	Current Price	Change	Dur	Yld	Vol
5yr Treasury	98 13.75/32	-6.25/32	4.86	0.823	4.08
10yr Treasury	95 22.5/32	-10.5/32	9.09	1.592	7.16
30yr Treasury	90 18/32	4/32	20.92	2.312	16.11

Stocks	Current Price	% Change	Commodities	Current Price	Change
Dow	31,135.71	0.68%	DOLLAR	91.94	0.305
Nasdaq	12,524.49	0.48%	Gold	\$1,699.10	-1.1
S&P 500	3,798.98	0.80%	Crude Oil	\$65.82	3.12%

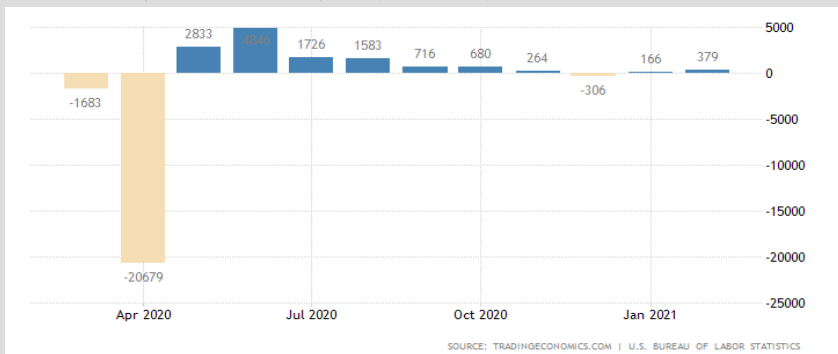
**Economic Commentary**

MBS prices are down 6/32 this morning while the DOW is up about 230 points after the Labor Department's February employment report handily exceeded expectations, reaffirming the building momentum in the economic recovery. The moves helped reverse some of Thursday's losses, with the major indexes slumping as Treasury yields resurged and concerns over rising inflation fomenting volatility in equity markets. Non-farm payrolls rose by 379,000 in February, or well above the 200,000 expected. The unemployment rate dipped to 6.2%, unexpectedly improving compared to January's 6.3%. And the improvement in the jobless rate came even as the labor force participation rate steadied at 61.4%. The February jobs report also included a notable upward revision to payrolls gains in January, but a downward revision to losses in December. January's payroll gain was revised up to 166,000 from the tepid 49,000 previously reported. However, December's payroll losses, the first since April, were revised to 306,000, from the 227,000 reported earlier. Altogether, the U.S. economy remains about 9.5 million payrolls short of its pre-pandemic levels. Federal Reserve Chairman Jerome Powell suggested yesterday that the central bank would remain "patient" with holding benchmark rates near zero, even in the face of rising inflationary pressures. Some investors have worried that the massive stimulus passed by Congress, with another \$1.9 trillion stimulus package currently up for debate in the Senate, alongside ultra-accommodative monetary policy may be stoking an even faster-than-expected economic recovery, which could lead to a runaway surge in prices. Technology stocks have especially borne the brunt of this week's leg lower in equity markets, as investors unwound their positions in high-growth stocks in favor of shares of companies with earnings more closely tied to a strong economic recovery.

**Economic Calendar**

MONDAY, MARCH 1				
Markit manufacturing PMI (final)	Feb.	58.60	58.50	58.50
ISM manufacturing index	Feb.	60.80%	58.90%	58.70%
Construction spending	Jan.	1.70%	0.80%	1.10%
TUESDAY, MARCH 2				
Motor vehicle sales (SAAR)	Feb.		--	16.6 million
WEDNESDAY, MARCH 3				
ADP employment report	Feb.	117,000	225,000	195,000
Markit services PMI (final)	Feb.	59.80	58.90	58.90
ISM services index	Feb.	55.30%	58.70%	58.70%
THURSDAY, MARCH 4				
Initial jobless claims (regular state program)	Feb. 27	745,000	750,000	736,000
Continuing jobless claims (regular state program)	Feb. 20	4.30 million	--	4.42 million
Productivity revision	Q4	-4.20%	-4.70%	-4.80%
Unit labor costs revision	Q4	6.00%	6.60%	6.80%
Factory orders	Jan.	2.60%	2.30%	1.60%
Fed Chair Jerome Powell speaks				
FRIDAY, MARCH 5				
Nonfarm payrolls	Feb.	379,000	210,000	166,000
Unemployment rate	Feb.	6.20%	6.30%	6.30%
Average hourly earnings	Feb.	0.20%	0.20%	0.10%
Trade deficit	Jan.	-\$68.2 billion	-\$67.6 billion	-\$67.0 billion
Consumer credit	Jan.		\$12 billion	\$10 billion
MONDAY, MARCH 8				
Wholesale inventories	Jan.		--	0.30%

**Chart of the Day: US Non Farm Payrolls (Thousands)**



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Sources: Bloomberg, Reuters, MarketWatch.com, mortgagebusiness.com, advisorperspectives.com, taintedalpha.com, options express, yahoo finance, estimize.com, stockcharts.com, tradingeconomics.com, dshort.com