

WEEKLY MARKET UPDATES

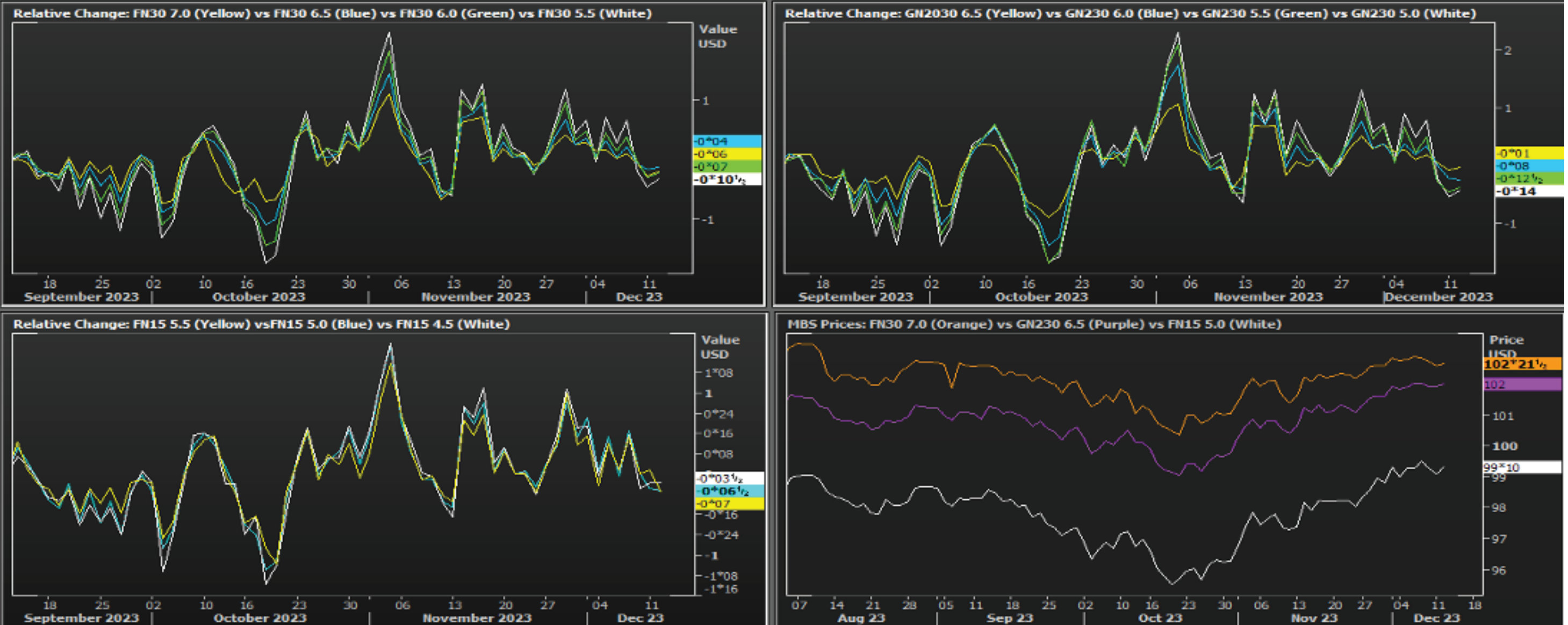
COMMENTARY FROM THE DENVER DESK...

The average conforming 30 year rate fell below 7% for the first time last week since August. While this average is by no means ideal for an industry continuing to experience historically low volumes, it does bode well for a shift in market sentiment that began occurring around late October as markets began to digest the prospect of 2024 and the potential for rate cuts beginning in the spring. Right now the odds of this first rate cut occurring are not meaningfully significant until the March 20 meeting. The May meeting is the first meeting with futures contracts showing a greater than 50% chance.

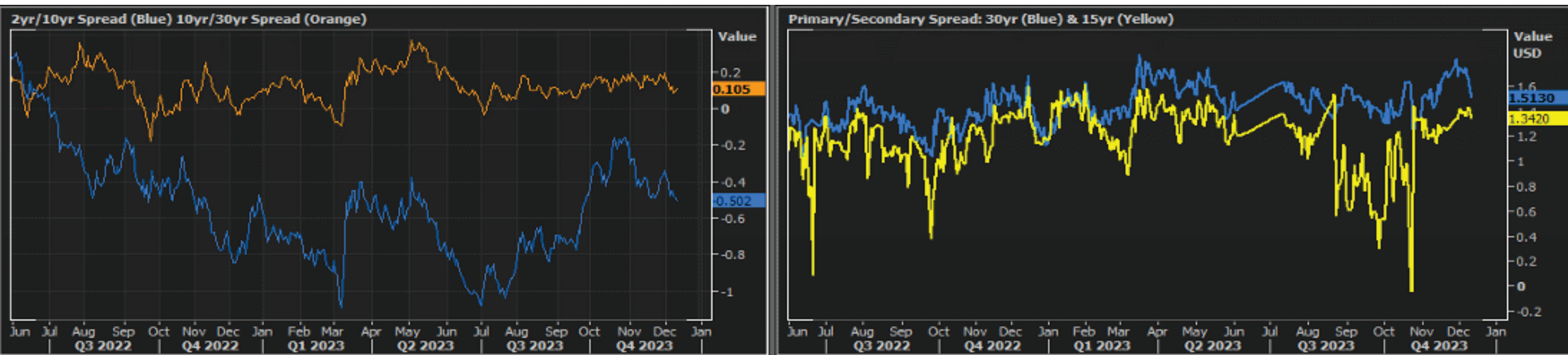
Speaking of FOMC meetings the final one of 2023 occurs this Wednesday afternoon at 2 p.m. ET. Unlike next spring this one is likely to be unsurprising with rates being held steady and the usual rhetoric balancing act from Powell where he will simultaneously reiterate the higher for longer story while hinting at dovish-ness to prevent a market rout. He has managed this feat at large so far and so the degree of confidence that he can repeat this feat a few more times before rate cuts begin is high. Tuesday's CPI release showed a continued downward trend in inflation landing at a 3.1% Y/Y rate. Being this far from a 2% inflation rate (the Fed's long-term goal) while the market expects a rate cut in the first half could leave some disappointed players in this analyst's view. With previous iterations of the FOMC meeting there have been mention of a new metric by which the "long-term average" is 2%. Meaning inflation can ride above 2% for some time; presumably offset by a period it lies below 2%.

MARKET INDICATORS

BENCHMARK	FN30 CURRENT CPN	FN30 6.5	FN15 5.5	GNI130 6.5	OBMMI 30-YR RATE
ONE WEEK AGO	5.773	101 26/32	100 15/32	101 26/32	7.063
CURRENT	5.784	101 26/32	100 10/32	102	6.999
DELTA	0.011	0.000	-0.156	0.188	-0.064



BENCHMARK	SOFR	UST 2-YR. YIELD	UST 10-YR. YIELD	UST 30-YR. YIELD	10-YR./30-YR. SPREAD
ONE WEEK AGO	5.370	4.600	4.182	4.318	0.136
CURRENT	5.320	4.720	4.239	4.351	0.112
DELTA	0.050	0.120	0.057	0.033	-0.024



– Prices/Yields are current as of 1:00 PM EST on December 12th, 2023 –

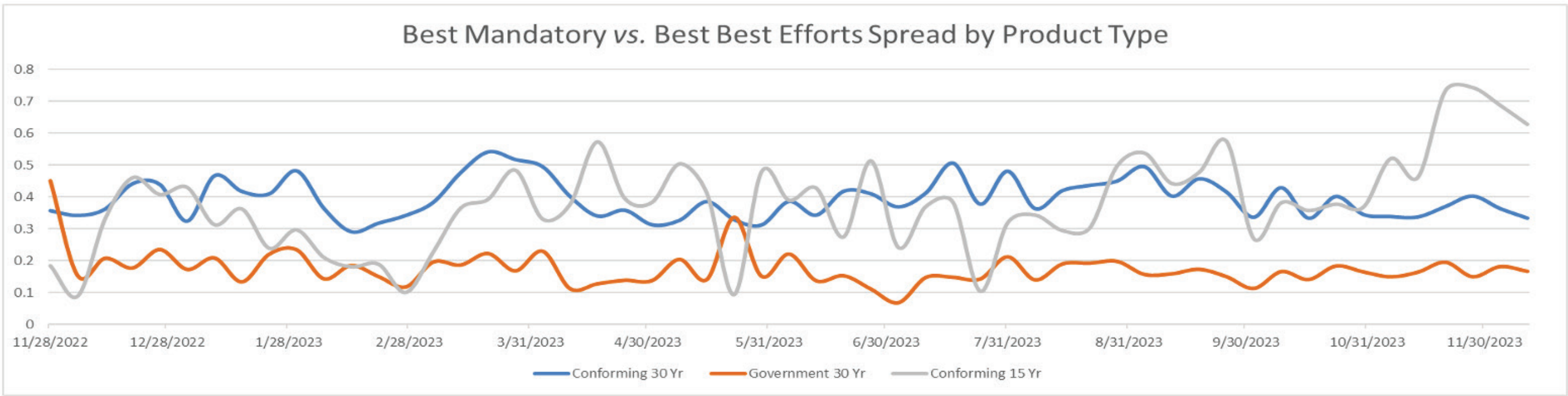
ECONOMIC DATA

Core CPI	November	October	September	3-MO Moving Average	1-YR Moving Average
ACTUAL	3.10%	3.20%	3.70%	3.33%	4.23%
EXPECTED	3.10%	3.30%	3.60%		
DIFFERENCE	0.00%	-0.10%	0.10%		



BEST EFFORTS – MANDATORY SPREAD INDEX

	Conforming 30-Year	Government 30-Year	Conforming 15-Year
Weekly	0.334	0.167	0.628
30 days	0.368	0.174	0.699
90 days	0.375	0.162	0.506
1 year	0.397	0.168	0.386



LIGHT READING

[CNBC: Inflation slowed to a 3.1% annual rate in November](#)

ECONOMIC CALENDAR: DATA and EVENTS

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
<b>WEDNESDAY, DEC. 13</b>					
8:30 AM	Producer price index	Nov.		0	(0)
8:30 AM	Core PPI	Nov.		0.00	0.00
8:30 AM	PPI year over year			--	0.01
8:30 AM	Core PPI year over year			--	0
2:00 PM	FOMC interest-rate decision				
2:30 PM	Fed Chairman Jerome Powell press conference				
<b>THURSDAY, DEC. 14</b>					
8:30 AM	Initial jobless claims	Dec. 9		220,000	220,000
8:30 AM	Import price index	Nov.		(0)	(0)
8:30 AM	Import price index minus fuel	Nov.		--	(0)
8:30 AM	U.S.retail sales	Nov.		(0)	(0)
8:30 AM	Retail sales minus autos	Nov.		-	0
10:00 AM	Business inventories	Nov.		(0)	0
<b>FRIDAY, DEC. 15</b>					
8:30 AM	Empire State manufacturing survey	Dec.		4.00	9.10
9:15 AM	Industrial production	Nov.		0.00	-0.01
9:15 AM	Capacity utilization	Nov.		0.79	0.79
<b>MONDAY, DEC. 18</b>					
10:00 AM	Home builder confidence index	Dec.			34.00
<b>TUESDAY, DEC. 19</b>					
8:30 AM	Housing starts	Nov.			1.37 million
8:30 AM	Building permits	Nov.			1.49 million