

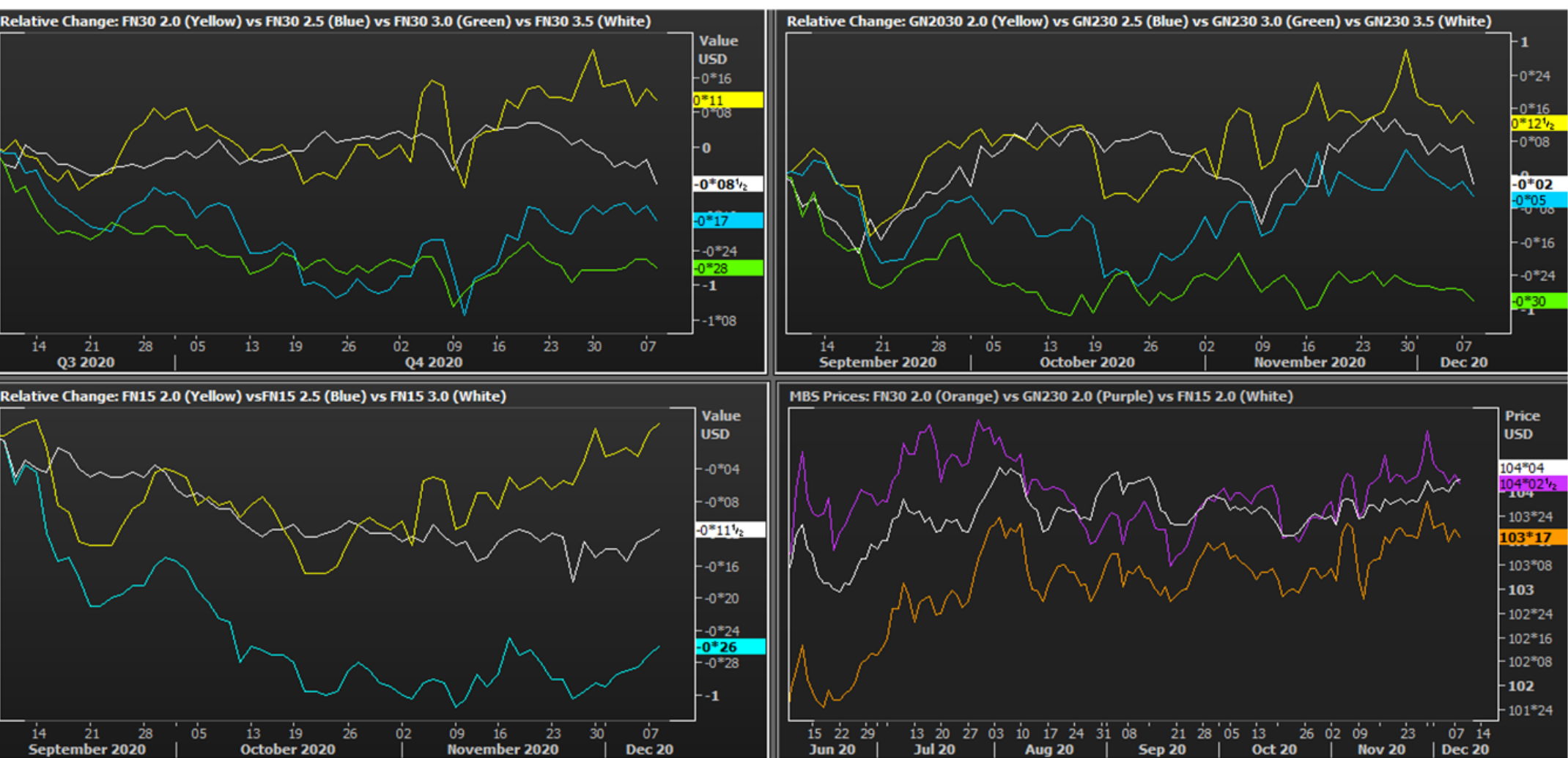
WEEKLY MARKET UPDATES

COMMENTARY FROM THE DENVER DESK...

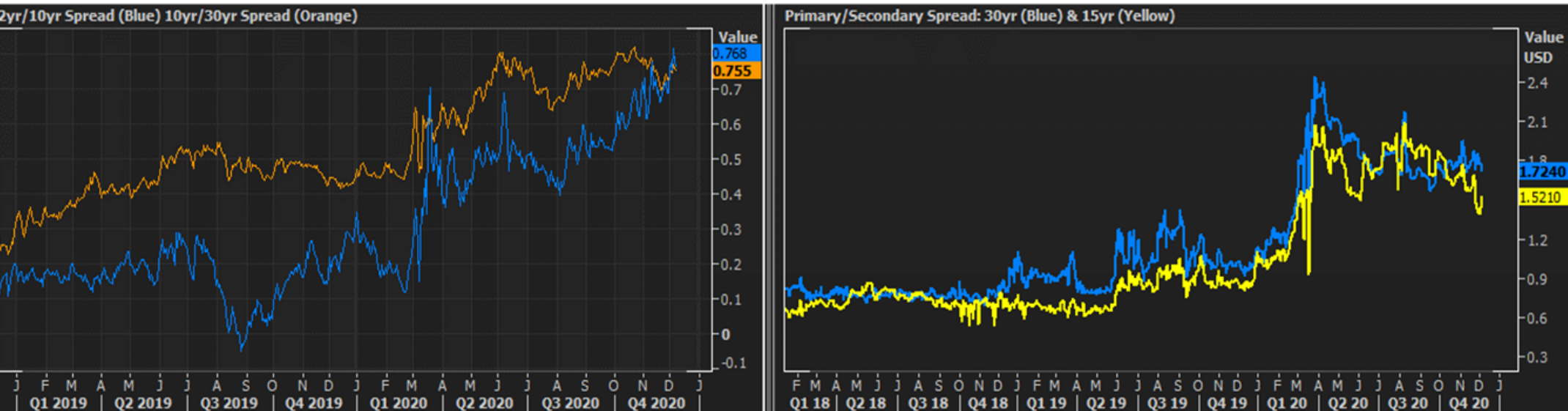
Congress has yet to pass a spending bill, with the threat of a government shutdown looming at the end of the week. While it's unlikely the government will actually shut down this time, and extension will probably need to be passed to hammer out all the details. While the two sides of congress are reportedly a little closer to agreeing to a stimulus package, chances are a deal won't be final until the new year. Last week's nonfarm payrolls report disappointed market analysts, showing a gain of only 245K jobs versus expectations of 469K, down substantially from last month's reading of 638K. While a drop was expected, the large miss shows that the economy may be coming under more stress than initially thought. High-speed data sources show hotel stays and retail capacity down 10% points, and while airline travel spiked during the Thanksgiving week, it is now below the pre-holiday numbers. This week's economic calendar is mostly quiet with the exception of CPI and PPI Thursday and Friday. Treasury yields spiked into last weekend, with the 10-YR. trading to a new high of 0.984% before quickly retreating this week. Support is pretty strong at 0.97%, while 0.9% and 0.87% behind that have been providing resistance.

MARKET INDICATORS

BENCHMARK	FN30 CURRENT CPN	FN30 2.0 CURRENT	FN15 2.0 CURRENT	GNII30 2.0 CURRENT	AVG. 30-YR. MTG RATE
ONE WEEK AGO	1.154	103 20/32	104 1/32	104 9/32	2.72
CURRENT	1.376	103 17/32	104 4/32	104 2/32	2.71
DELTA	0.222	- 3/32	3/32	- 7/32	-0.01



BENCHMARK	Overnight LIBOR	2-YR. YIELD	10-YR. YIELD	30-YR. YIELD	10-YR./30-YR. SPREAD
ONE WEEK AGO	0.08500	0.170	0.921	1.658	0.737
CURRENT	0.08288	0.145	0.913	1.668	0.755
DELTA	-0.00212	-0.025	-0.008	0.010	0.018

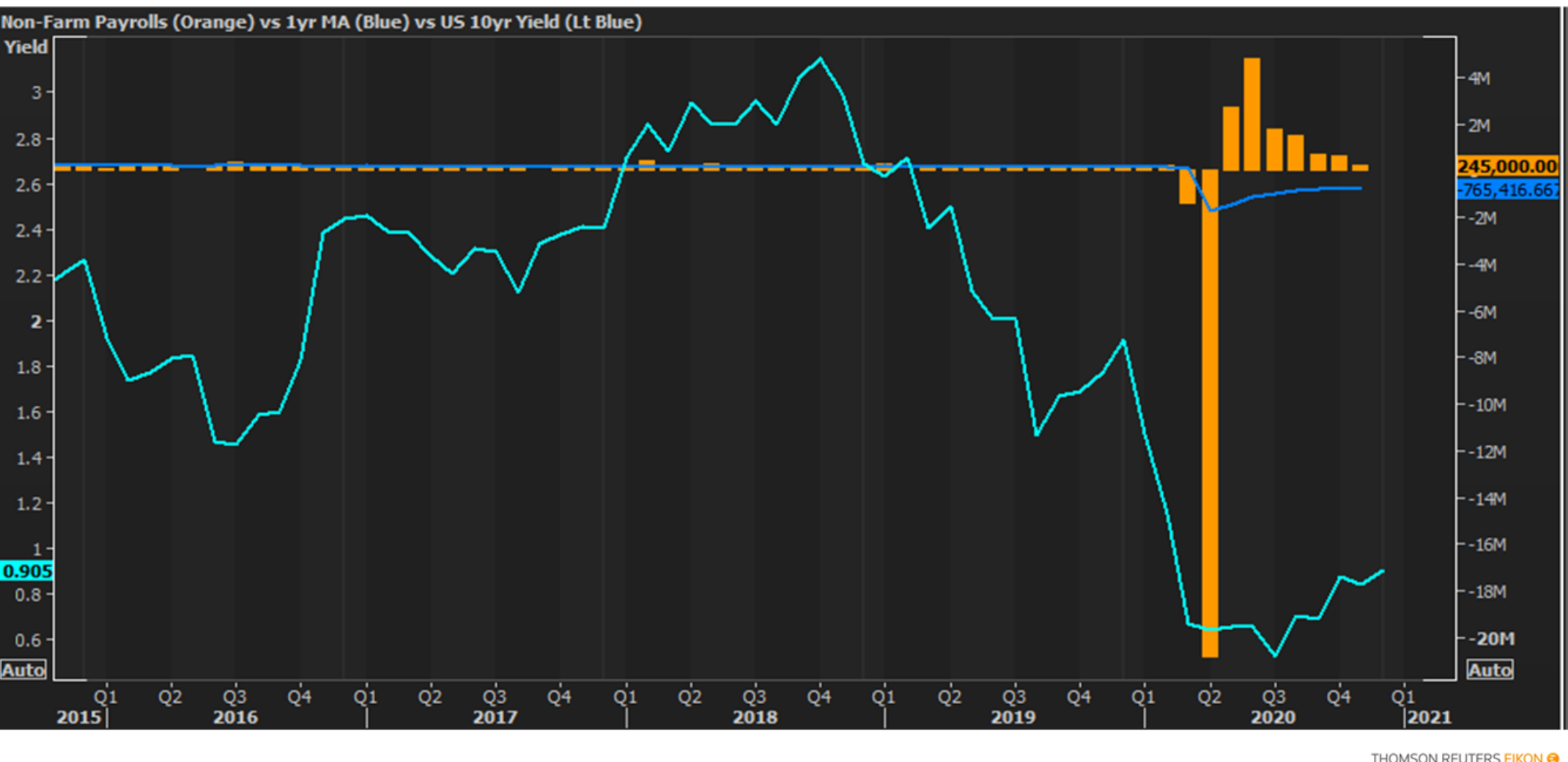


– Prices/Yields are current as of 11:00AM ET on December 8, 2020 –

THOMSON REUTERS EIKON

ECONOMIC DATA

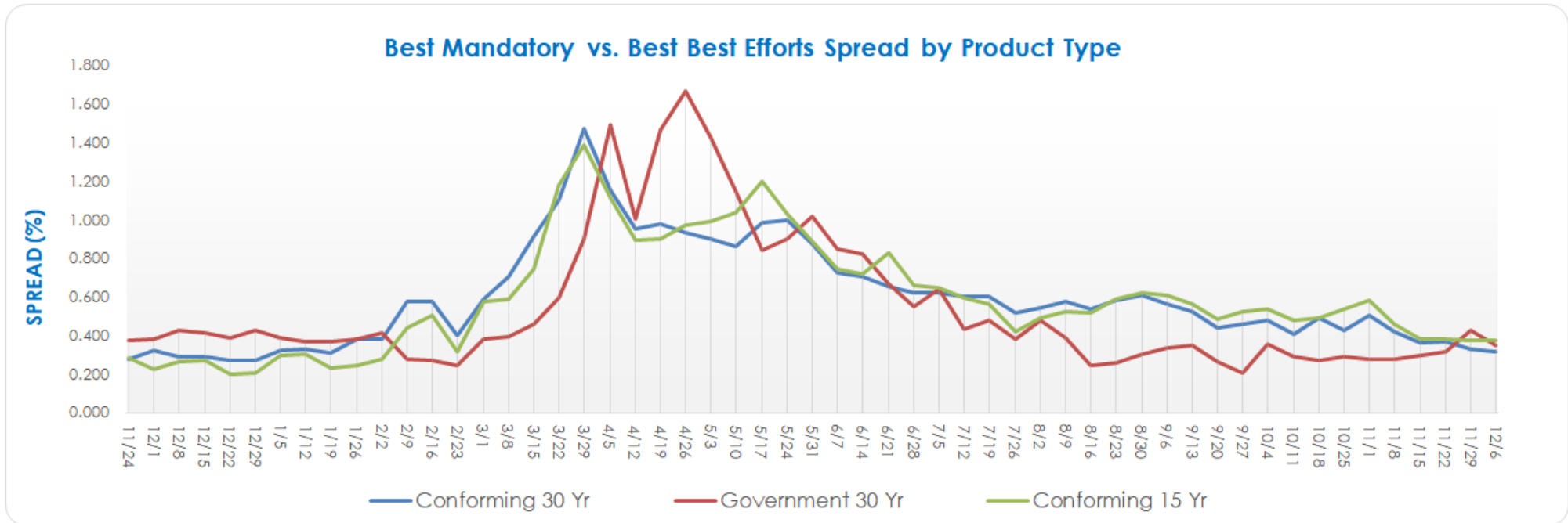
Non-Farm Payrolls	November	October	September	3-MO. Moving Average	1-YR. Moving Average
ACTUAL	245,000	610,000	711,000	522,000	(770,167)
EXPECTED	469,000	600,000	850,000		
DIFFERENCE	(224,000)	10,000	(139,000)		



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BEST EFFORTS – MANDATORY SPREAD INDEX

	Conforming 30 Year	Government 30 Year	Conforming 15 Year
Weekly	0.32	0.35	0.38
30 Days	0.34	0.35	0.38
90 Days	0.43	0.30	0.47
1 Year	0.63	0.55	0.63



FED SPEAK

"Indeed, we are currently seeing signs of plateauing in the economy. That's attributable both to COVID-19's continued circulation and to the evaporation of fiscal support."

-Philadelphia Fed President, Patrick Harker

"We are thinking hard about what does the economy need and ... when can we shift gears mentally... from building a bridge to actually trying to stimulate the economy into a strong recovery. And we are not there yet."

-San Francisco Fed President, Mary Daly

"If we generated some modest inflation, I think we would consider that a success."

-Minneapolis Fed President, Neel Kashkari

LIGHT READING

HousingWire Reports: Fannie and Freddie need "significant capital" to leave conservatorship, Mnuchin says

WEEKLY TECH TIP

DID YOU KNOW...

With lower and lower note-rates coming into the hedge every day, it's important to make sure these note-rates are slotting into the right coupon. Coupon drops can help you manually force certain note-rates to a higher coupon than they would normally price to, to account for liquidity issues when hedging. Reach out to your secondary analyst team if you have any questions about these or how to use them.

ECONOMIC CALENDAR: DATA and EVENTS

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, DEC. 7					
3:00 PM	Consumer credit	Oct.	\$7 billion	--	\$15 billion
TUESDAY, DEC. 8					
8:30 AM	Productivity (revision)	Q3	4.60%	4.90%	4.90%
8:30 AM	Unit labor costs (revision)	Q3	-6.60%	-7.60%	-8.90%
WEDNESDAY, DEC. 9					
10:00 AM	Job openings	Oct.		--	6.4 million
10:00 AM	Wholesale inventories	Oct.		--	0.40%
THURSDAY, DEC. 10					
8:30 AM	Initial jobless claims (state program, SA)	Dec. 5		720,000	712,000
8:30 AM	Initial jobless claims (total, NSA)	Dec. 5		--	1.0 million
8:30 AM	Cont'ing jobless claims (state program, SA)	Nov. 28		--	5.52 million
8:30 AM	Cont'ing jobless claims (total, NSA)	Nov. 21		--	20.16 million
8:30 AM	Consumer price index	Nov.		0.10%	0.00%
8:30 AM	Core CPI	Nov.		0.10%	0.00%
2:00 PM	Federal budget	Nov.		--	-\$209 billion
FRIDAY, DEC. 11					
8:30 AM	Producer price index (final demand)	Nov.		0.10%	0.30%
10:00 AM	Consumer sentiment index	Dec.		75.5	76.9