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## UPDATE: Bond Markets Rally After Huge Durable Goods Miss

The overnight session was uneventful for most market sectors--especially Treasuries. 10yr yields hit the domestic session just a tad higher than Wednesday's latest levels, but returned to '**unchanged**' before the 8:30am economic data.

The **data was friendly** to say the least. Durable Goods came in at -5.1 vs a median forecast of -0.6. The previous month was also revised lower to -0.5 from 0.0. One of the important components of the report which focuses on non-defense-related capital goods orders, excluding aircraft (aka "capex") came in at -4.3 vs a median forecast of -0.2. It was revised down to -1.1 from -0.3 previously.

Bonds haven't been too keen to react to economic data or to diverge from equities markets so far this year, but this report was crummy enough to warrant a bit of individuality. 10yr yields picked up 2+ bps in fairly short order and Fannie 3.0s have eventually added an **eighth of a point** (it's been slow going for MBS, thanks to morning liquidity issues and the general lag vs Treasuries). Meanwhile, stocks are higher after the data, though they did move lower at first, in conjunction with the bond rally.

Here's the takeaway: this data is good for rates in the big picture. In the here and now, bonds continue struggling with resistance levels. This is most easily seen in the form of **1.98% 10yr yields**. We need a decent break below that to have a chance at more sustained positive momentum. It will be tough, if not impossible unless stocks start selling off.



## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.44	<b>+0.07</b>
MBS GNMA 6.0	100.59	<b>+0.24</b>
10 YR Treasury	4.6271	<b>+0.0135</b>
30 YR Treasury	4.7461	<b>+0.0151</b>

Pricing as of: 4/30 5:01AM EST

## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			

30 Yr. Fixed	7.43%	<b>-0.02</b>	0.00
15 Yr. Fixed	6.85%	<b>-0.01</b>	0.00
30 Yr. FHA	6.92%	<b>-0.03</b>	0.00
30 Yr. Jumbo	7.63%	<b>-0.01</b>	0.00
5/1 ARM	7.50%	<b>0.00</b>	0.00

### Freddie Mac

30 Yr. Fixed	7.17%	<b>-0.27</b>	0.00
15 Yr. Fixed	6.44%	<b>-0.32</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	<b>+0.11</b>	0.66
15 Yr. Fixed	6.75%	<b>+0.11</b>	0.64
30 Yr. FHA	7.01%	<b>+0.11</b>	0.94
30 Yr. Jumbo	7.45%	<b>+0.05</b>	0.56
5/1 ARM	6.64%	<b>+0.12</b>	0.87

Rates as of: 4/29

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With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

**Rich E. Blanchard**

