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UPDATE: Bonds at Best Levels After Tepid Data

- Generally slow, but positive morning so far
- Durable Good headline near consensus, but weak [internals](#) helping bonds
- Multiple markets lining up in a "risk-off" direction (aka, buy bonds, sell stocks)
- 10yr yields down 2.3bps at 1.856 and Fannie 3.0s up 3 ticks at 102-00

Coming off 2 days of bigger volatility, bond markets had a calmer overnight session. Treasury yields rose only briefly during Asian market hours before beginning a gradual descent into the domestic session. Key contributors to the gains have been ongoing losses in **oil and equities** markets.

The morning's only relevant economic data was Durable Goods at 830am. The headline was close to consensus (-2.8 vs -2.9 forecast), but the important **CapEx component** (excluding defense and aircraft spending) was down 1.8 percent versus forecasts calling for only a 0.1 percent decline.

On a more liquid trading day on a more liquid week, we would likely be seeing an **even bigger reaction** to a CapEx reading that weak. As it stands, it's simply helping bond markets extend the gains and helping to keep pressure on risk assets like stocks and oil.



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	99.78	+0.32
MBS GNMA 6.0	100.74	+0.26
10 YR Treasury	4.5691	-0.0104
30 YR Treasury	4.7160	-0.0130

Pricing as of: 5/3 7:03AM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			

30 Yr. Fixed	7.37%	-0.04	0.00
15 Yr. Fixed	6.82%	-0.02	0.00
30 Yr. FHA	6.82%	-0.06	0.00
30 Yr. Jumbo	7.55%	-0.05	0.00
5/1 ARM	7.42%	-0.08	0.00

Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

Mortgage Bankers Assoc.

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

Rates as of: 5/2

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