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The Day Ahead: Bonds Feeling Out Expanded Range Amid Limited Data

Today's only significant economic data hits at 10am ET with Existing Home Sales (5.52 mln forecast vs 5.61 mln previously). Given the bigger decline in the most recent Pending Home Sales data, 5.52 mln is a bit of a bullish guess among economists. If we just applied some simple math from the Pending Sales decline, the implied number for today would be 5.47 mln. Either way, that would the series in **fine shape overall**, especially considering that 5.61m number from last month was the highest in nearly 10 years.

Ultimately though, Existing Sales data tends to be a **mild** market mover at best. Preferences seem to have been shifting toward an older-school mentality where traders are actually **able to avoid laughing** at the notion of inflation--something that was very easy to dismiss between 2011-2015. Purer growth metrics (things like Durable goods and Advance GDP coming up on Friday) are in the same boat. In that sense, economic data will be more worthy of attention at the end of the week.

Between now and then, we have things like the **good old range**. In terms of 10yr yields, the range was "re-widened" with last week's weakness, and the early 2017 ceiling (2.40-2.44, depending on the day--call it 2.42 for simplicity) is now more of a midpoint, as seen in the top of the following chart. The remaining panes of the chart have various technical overlays (in order: fast stochastics, slow stochastics, MACD, and RSI--all momentum indicators) which combine to suggest relatively equivocal momentum.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.10	-0.18
MBS GNMA 6.0	100.88	-0.27
10 YR Treasury	4.5013	+0.0452
30 YR Treasury	4.6464	+0.0379

Pricing as of: 5/10 12:05PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.15%	-0.05	0.00
15 Yr. Fixed	6.63%	-0.03	0.00
30 Yr. FHA	6.61%	-0.03	0.00
30 Yr. Jumbo	7.39%	-0.02	0.00
5/1 ARM	7.34%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	7.09%	-0.35	0.00
15 Yr. Fixed	6.38%	-0.38	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: 5/9



Beyond the range, this week's Treasury auction cycle will probably hold on to its recently-elevated importance, although this is a bigger deal with tomorrow's 5yr auction as opposed to today's 2yr auction.

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