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The Week Ahead: Decision Time For The Range as Data Ramps Up

The past 5 business days of bond market rallies brought yields right to the **lower edge of 2017's range**. We had been tracking these movements in terms of a "consolidation range" (i.e. converging lines connecting higher lows and lower highs) but the most recent strength makes a case for a horizontal lows.

Up until Friday, 2017's two major lows were 2.305 and 2.325 in that (ascending) order. Friday brought us as low as 2.309. It also brought short-term momentum metrics into "overbought" territory. While that's never a guarantee of a bounce, it does mean that bonds are more "ready" to bounce--especially in the presence of the proper motivation.



Motivation this week could be easy to find, depending on the outcome of the various economic reports and the multitude of Fed speakers.. There are plenty--and several are top shelf market movers.

Today's biggest deal will be Durable Goods at 8:30am. It's not always a market mover, but it always has potential to shake things up. Pending Home sales is out at 10am.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.53	-0.27
MBS GNMA 6.0	101.29	-0.20
10 YR Treasury	4.3798	+0.0393
30 YR Treasury	4.5179	+0.0113

Pricing as of: 5/16 4:14PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.02%	+0.03	0.00
15 Yr. Fixed	6.53%	+0.03	0.00
30 Yr. FHA	6.55%	+0.03	0.00
30 Yr. Jumbo	7.31%	+0.01	0.00
5/1 ARM	7.24%	+0.04	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/16

Tuesday brings the 2nd reading of Q4 GDP and Chicago PMI for the more relevant reports. Case Shiller home prices will be out at 9am, but don't tend to move markets.

Wednesday could be the most pivotal day of the week. It will follow the much anticipated Trump speech to the joint session of congress the night before. Then we'll get Personal Consumption Expenditures (a report that contains the Fed's preferred inflation gauge) at 8:30am, and the important ISM Manufacturing data at 10am.

Thursday is a bit of a lull, with only Jobless Claims (not a market mover right now).

Friday picks back up with ISM Non-Manufacturing at 10am, and a Yellen speech at 1pm.

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