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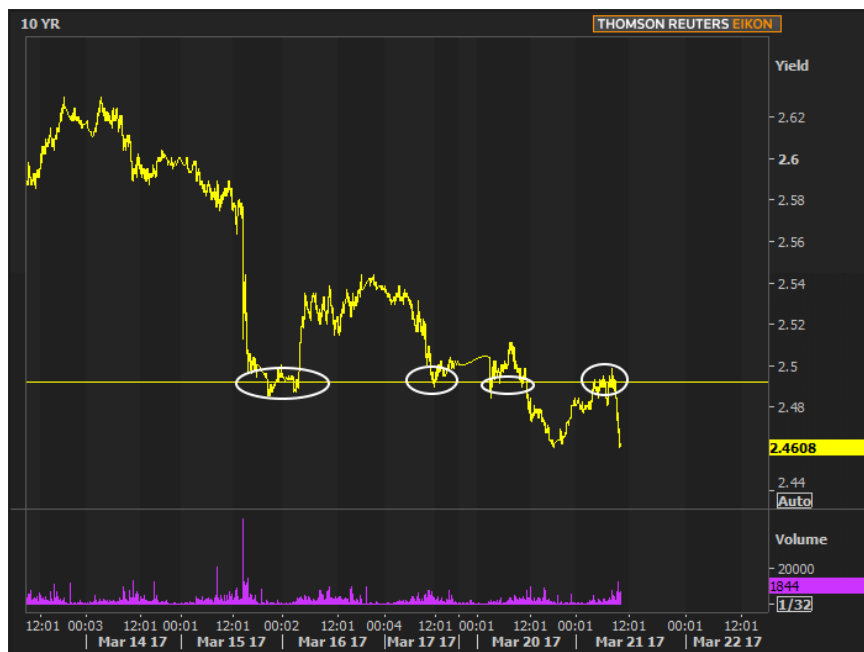
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UPDATE: Bonds Bounce Back After Overnight Weakness

Though not by an alarming amount, bond markets were **decidedly weaker overnight**. The move began during Asian market hours as Japan returned from a holiday yesterday and dumped money into stocks. The Nikkei moved higher with most major equities futures indices and bonds slumped. The second half of the weakness was a European affair with one of the "status quo" candidates in the French election putting in a respectable debate performance (the "status quo" is worse for bonds and better for European equities markets).

As the domestic session got underway, bonds were clearly interested in holding ground under 10yr yields of 2.50%. As the 9:30am NYSE open approached, bonds increasingly began **going on a run** back toward positive territory. That timing suggests ETF-related buying. Those levels suggest **technically**-motivated buying, given the **pivot** point from the post-Fed rally. Here's what that looks like on a chart.



The implications for short-term momentum couldn't be too much better. **Breaking below 2.46** would be yet another feather in the cap of a broader positive momentum. Conversely, if bonds happen to hit tougher resistance here at 2.46, it could cast some doubt on the bounce.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.80	+0.41
MBS GNMA 6.0	101.48	+0.25
10 YR Treasury	4.3206	-0.0199
30 YR Treasury	4.4803	-0.0263

Pricing as of: 5/16 1:51AM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.99%	-0.12	0.00
15 Yr. Fixed	6.50%	-0.11	0.00
30 Yr. FHA	6.52%	-0.06	0.00
30 Yr. Jumbo	7.30%	-0.07	0.00
5/1 ARM	7.20%	-0.09	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	7.08%	-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: 5/15

There are no big-ticket events on today's econ/event calendar. Markets continue focusing on political developments, [trade flows](#), and [technicals](#).

10yr yields are currently unchanged at 2.463% and Fannie 3.5s are 1 tick lower at 101-27 (but considering they went out at the highs yesterday, this bodes well for rate sheets if these levels continue to hold).



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