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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	100.62	+0.01
MBS GNMA 6.0	100.75	+0.01
10 YR Treasury	4.2832	+0.0014
30 YR Treasury	4.4796	-0.0061

Pricing as of: 7/8 9:56AM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-0.02	0.00
Freddie Mac			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/5

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