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## The Day Ahead: Bonds Fight to Hold Under Important Ceiling Amid Data Darkness

After today's Existing Home Sales data (which is unaffected by the government shutdown because it's published by the National Association of Realtors), there will be no other bigger-ticket economic reports this week. Most of the blame for that lies with the fact that there simply isn't much on the economic calendar on this holiday-shortened week. But the **most important blame** is reserved for the ever-present government shutdown which will prevent the release of Durable Goods on Friday--the week's only truly big-ticket report.

It's our expectations--or at least our hope--that the absence of big-ticket economic data will keep bond markets in a sufficient state of uncertainty as to prevent the break of a key ceiling just overhead at 2.82%. As always, such ceilings may end up being adjusted slightly. 2.82% is really **just the shorter way of saying** "the line in the sand between almost all of the trading that took place since early February 2018 and the stronger levels achieved after the December 19th Fed meeting."

With moderate gains in the overnight trading session, we have **some room to run** back toward that ceiling. Hopefully, this would be enough to soak up any temporary sugar highs that might be seen as a result of any announcement on a government shutdown resolution or progress on a US/China trade deal.

Some additional **weakness would actually be a good thing** here as it would set up longer-term momentum technicals (green/teal lines at the bottom of the chart) for a more clearly-indicated bounce. We want to see those lines as well as the blue/red "short-term" lines moving down from their "oversold" ceilings in unison. If that were to coincide with a firm bounce near 2.82%, it would look like quite a strong technical cue for another rally.

## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST



## Average Mortgage Rates

	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85



	Rate	Change	Points
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Ultimately though, the technicals will likely **not** be the underlying motivation for the next move. Rather, they just give us a way to measure the trends and identify important movement. Underlying motivation will have **more to do** with economic data, if it ever returns, as well as key fiscal updates (shutdown deal and trade policy). Of those two fiscal updates, markets are more interested in trade policy whereas an end to the shutdown would only be worth a temporary boost for stocks and bond yields.

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