

## UPDATE: After Technical Recovery Overnight Bonds Yawn at Durable Goods

- Durable Goods
  - -0.2 vs -0.4 f'cast
- Core Cap-Ex (non-defense, excluding aircraft)
  - 1.3 vs 0.2 f'cast

The cap-ex number at 1.3 vs 0.2 is arguably big, bad news for bonds. Or, rather, it should be. In practice, however, bonds haven't paid any noticeable attention to the data, which is a welcome development after spending the overnight session in a technical, flow-driven correction.

In other words, bonds ran out of sellers for the time being and the correction we're seeing is only a reflection of that sort of technical pause (not evidence of a big picture reversal).

10yr yields are down 8.7bps and MBS are up 5/8ths of a point. This would be great news on most any other day, but after yesterday, it's not enough to promise any sustainable shift.



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