

MBS & TREASURY MARKETS

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UPDATE: Overnight Weakness Remains After Durable Goods Data

- Durable Goods
 - 2.6 vs 2.5 f'cast
 - last month revised from 1.3 to 0.7
- Durables, excluding defense and aircraft
 - 0.2 vs 0.2 f'cast
 - last month revised from 0.7 to 0.4

Bonds were weaker in the overnight session on a combination of anxiety over potential Treasury selling in Japan and stronger data in Europe. Comments from an ECB official regarding a "one and done" rate cut in June also added to the pressure.

The 8:30am Durable Goods data hasn't had any meaningful impact on the overnight weakness. Yields were roughly 4bps higher to start and they're now 4.7bps higher at 4.647. Rather than chalk the slight increase up to the relatively unimportant Durables data, it makes more sense to view it as a simple continuation of the overnight trend.



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