

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

UPDATE: Mixed Sentiment Data Offers No Help

- Consumer Sentiment
 - 67.4 vs 76.0 f'cast, 77.2 prev
- 1yr inflation expectations
 - 3.5 vs 3.2 prev
- 5yr inflation expectations
 - 3.1 vs 3.0 prev

Bonds were moderately weaker overnight with most of the losses happening on the final approach to the domestic session. Had those losses happened earlier in the night, one might have concluded they came in response to resoundingly stronger data in the UK (GDP beat by 0.2, Industrial production +0.2 vs -0.5 f'cast).

The selling ended up being a gradual affair that didn't begin in earnest until 6:30am--well after any of the notable European data.

By 9am, 10yr yields were 3.5bps higher at 4.49 and they're in roughly the same shape after the mixed bag consumer sentiment data. Yes, the headline is bond friendly, but the inflation expectations are decidedly not.

MBS are down 5 ticks (.16) in 6.0 coupons.



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