

UPDATE: Small, Paradoxical, Negative Reaction to AM Data

- Jobless Claims
 - 238k vs 235k f'cast, 243k prev
- Continued Claims
 - 1828k vs 1810k f'cast, 1813k prev
- Philly Fed Index
 - 1.3 vs 5.0 f'cast, 4.5 prev
- Philly Fed Prices
 - 22.5 vs 18.7 prev
- Housing Starts
 - 1.277m vs 1.37m f'cast, 1.352m prev

Bonds started the night in Tokyo at moderately higher yields and proceeded to trade one of the flattest, narrowest overnight sessions ever (seriously, 95% of trades were between 4.250 and 4.255).

This morning's econ data wasn't exactly highly anticipated, but it marks the first real moment back in the office after yesterday's holiday closure. As such, it has garnered some volume and directionality. Despite being generally weaker than forecast, that direction is currently "higher" for Treasury yields and lower for MBS.

10yr yields are up 4bps at 4.262 and MBS are down an eighth of a point.

If we're determined to justify the reaction to the data, we'd have to rely on something like Philly Fed prices or perhaps the fact that Jobless Claims were lower than last week (even though they were higher than forecast--which admittedly makes this one a stretch).



Julian Hebron
Founder, The Basis Point
<https://thebasispoint.com/>
San Francisco CA

