

MBS & TREASURY MARKETS

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UPDATE: Bonds Rallying Modestly After Mixed Data

- Jobless Claims
 - 233k vs 236k f'cast, 239k prev
- Continued Claims
 - 1839k vs 1820k f'cast, 1821k prev
- Durable Goods
 - 0.1 vs -0.1 f'cast
 - last month revised down to 0.2 from 0.7
- Core Durables
 - -0.6 vs 0.1 f'cast, 0.3 prev
- Final Core PCE Prices Q1 (ancient history)
 - 3.7 vs 3.6 f'cast
- Final GDP
 - 1.4 vs 1.4 f'cast/prev
- Corp Profits
 - -2.7 vs -1.7 f'cast

This is more data than most of us can shake a stick at, but most of it is fairly benign in terms of its expected impact on bonds. Indeed, trading levels are not far from pre data levels, but if there's a bias, it's toward better buying.

10s are now down 2bps at 4.309 and MBS are up 3 ticks (.09).

Picking a winner among this data is tough. First off, we can throw out GDP and PCE as it is from Q1 (i.e. stale). That leaves claims and durable goods. Claims was a mixed bag with weekly initial claims falling and continued claims rising. Durable goods was also mixed with a modestly stronger headline, but a much weaker core. The latter is arguably the biggest outlier among this morning's relevant line items and the easiest argument for the key driver of these modest gains.



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