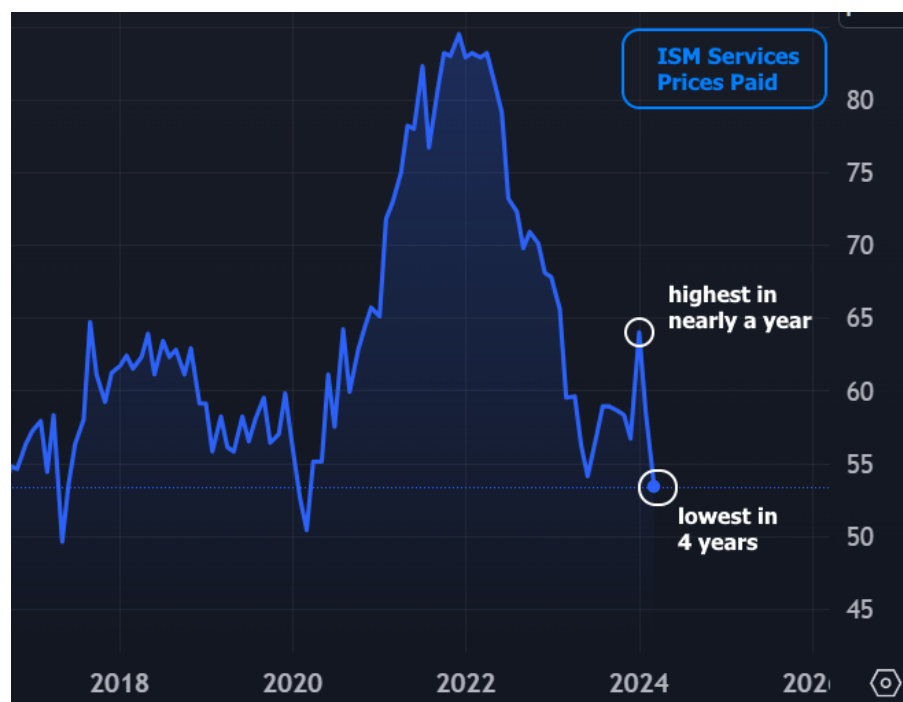


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The Day Ahead: Two-Way Trading on Today's Data

Bonds remain under pressure this week, but the pressure is turning out to be slightly lower than it was earlier this morning. Overnight weakness was modest at best, but selling ramped up after the ADP Employment data at 8:15am and again in the 9am hour. The weakest levels were seen after the 9:45am S&P PMI data. Both S&P and ISM publish similar PMI data, often on the same day. ISM is more of a market mover in the U.S. and it told a different story with respect to prices (53.4 vs 58.6 previously). Bonds approved and have since unwound more than half of the day's weakness.



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