

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Mixed Start, Modest Weakness, But No Major Follow-Through

After a day like Wednesday (one of the top 20 weakest bond market days of the past few decades), one of the top concerns is that the following day will see follow-through selling. Indeed, there are many examples of such days catalyzing a new trend for several weeks. Heavy selling in response to CPI data has been a 2 way street with the last two examples being met with resilience. Today's trading is arguably resilient so far with yields only up 2.5bps and MBS only down a few ticks.

The initial reaction to the as-expected core PPI data was a modest sigh of relief. The 9:30am NYSE open saw a push back in the other direction, but again, not in an extreme way.



The afternoon brings the last of the week's Treasury auctions at 1pm, and that can occasionally mark a shift in tone in the bond market. If it does, we wouldn't expect it to be extreme, but it could make for several bps of movement in the afternoon.



Steven Fishman

President, Buckeye Lending Solutions, Inc.

Buckeyelends.com

P: (239) 980-7588

M: (440) 773-9941

9990 Coconut Rd # 257
Bonita Springs Ohio / Florida
34135

Company NMLS#1838265 LO
NMLS#9362 OH LO.012547.001

