



UPDATE: Off The Weakest Levels After 5yr Auction

- 5yr Treasury Auction
 - 4.331 vs 4.335 expectations
- Bid to Cover
 - 2.35 vs 2.39 recent average
- Auction Grade: B

Alan Holom

SVP, Stockman Bank

www.stockmanbank.com

P: (406) 234-8438

2700 King Ave

Billings MT 59102

Bonds have generally been weaker on the day, pushing the upper boundary of the recent yield range. The auction was today's biggest potential market mover in terms of scheduled events, but this one was fairly unequivocal. On a day where bonds were already losing ground, an "average" auction has proven to be a modest relief, helping yields move a bit lower versus pre auction levels, but still elevated on the day.

10s are up 5.5bps at 5.304.

MBS are down 5 ticks (.16) in 5.5 coupons and 3 ticks (.09) in 6.0 coupons.