

# MBS & TREASURY MARKETS

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## The Day Ahead: Weaker Data, Stronger Bonds, Early Close

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The bond market will close at 2pm instead of 5pm today as a part of the Independence Day holiday (fully closed tomorrow). With only a few hours left, it's off to as good of a start as we could ask for, at least in terms of the bond market. The economy is another story. ISM Services is today's biggest data headline and it was much weaker than expected and much weaker than last time. Especially notable was the big drop in business activity from 61.2 to 49.6, the first sub-50 reading since the initial lockdowns in 2020. This builds a case for broader economic shift though the timing odd in juxtaposition to last month's reading which was the highest in more than year. Bonds reacted decisively with the highest data-driven volume since the big jump in jobless claims and the big miss in PPI on Thursday, June 13th.

