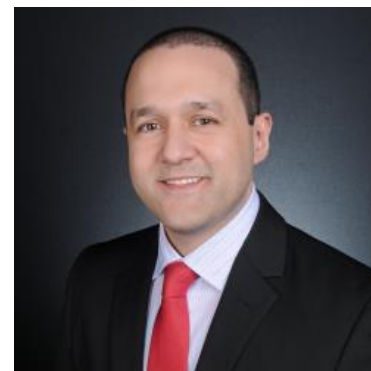


MBS & TREASURY MARKETS

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The Day Ahead: Lower Volume And Corporate Bond Issuance Pushing Yields Higher

This week's bond rally hit a wall at the 3pm close on Wednesday. There's been gradual upward pressure since then with today's overnight session seeing some of the fastest selling.



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The counterpoint is that the selling is only fast relative to the recent range. It's very mild in the bigger picture with 10yr yields only being up about 4bps.



As for motivations, declining volumes have greased the skids for any material market movers to have a bigger impact than they otherwise might. One of the only quantifiable market movers has been the heavy slate of [corporate bond](#) issuance this week with nearly \$50bln brought to market versus expectations for roughly \$34bln according to BMO.

For more on how corporate issuance impacts other bonds, [check out our primer](#).