## MBS & TREASURY MARKETS

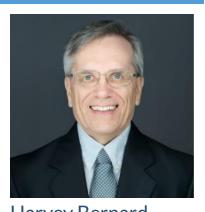
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## The Day Ahead: Pre-CPI Consolidation Leveling Off

Now that it's essentially over, it's easy to label this week as a quintessential consolidation and/or modest correction. In fact, even before it began, last Friday's lock/float guidance contained a very rare level of conviction for MBS Live when it comes to commenting on the future, saying "there's likely to be a correction/consolidation ahead of CPI data the following week." Weakness was marginally exacerbated by the Treasury auction cycle and it seems we've seen some relief as supply moves to the rearview (corporate bond issuance was a bigger-than-expected factor as well with the week generating more than \$45bln in new offerings vs expectations for 35-40 bln). From here, there's much less of a directional bias in the week ahead. Economic data stands the best chance to set the tone.







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