



ALERT: Losing Ground After ISM Data

- ISM Services
 - 56.0 vs 53.8 f'cast, 54.9 prev
 - employment 54.0 vs 48.0
 - Prices 58.1 vs 58.0

There are no two ways about it: a 56.0 reading in ISM Services is a strong result. The internals are economically strong as well, with inflation not accounting for as much of the improvement as last time.

The big jump in employment is perhaps less of a surprise given the NFP reading. Biz activity was slightly lower than last time, but still very strong at 57.2 vs 59.9 previously.

Bonds are showing their willingness to react to data with overnight weakness extending by several bps immediately after the data. 10yr yields are now up 6.5bps at 4.349 and MBS are down nearly a quarter point.

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