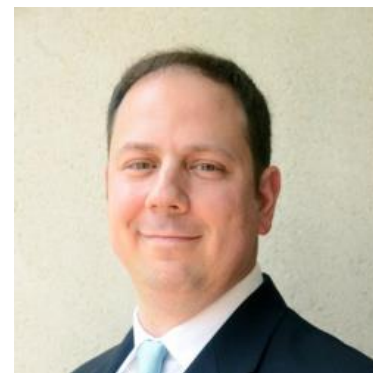


The Day Ahead: What's Up With These Crazy Gains on Monday Morning?!

Stop the presses! MBS are up almost 3/8ths of a point in early trading and 10yr yields have surged lower by 8bps. This is a massive and miraculous rally that surely must have some compelling and obvious motivation! Here's the motivation: take everything you saw last week and throw it out. We kept saying different versions of that directive at the time. To be fair, it's probably a good idea to do the same in the present week. We'll all find out where bonds want to trade later this week, but for sure by next week.

Today's trading levels are right in line with those seen immediately after Fed day and-- therefore--not interesting or indicative of anything new and different. For those who aren't comfortable with such a dismissive, cavalier approach to market movement, if you'd like to make something up, just tell people that it's "year end positioning and asset allocation trading driving forced buying of bonds and selling in stocks." No one would argue with you.

For those more interested in participating in reality, simply consider that trading levels are right back to where they were at the exact moment that we told you to stop paying attention due to the extreme drop-off in volume and liquidity for the holiday week.



Michael Levine
Senior Loan Officer,
CrossCountry Mortgage
M: 914-391-1183
2900 Westchester Ave.
Purchase NY 10577-____
307827

