



UPDATE: Erasing Overnight Weakness After ISM Data

- ISM Manufacturing
 - 50.3 vs 50.5 f'cast, 50.9 prev
- ISM Prices
 - 62.4 vs 56.2 f'cast, 54.9 prev
- ISM Employment
 - 47.6 vs 50.1 f'cast, 50.3 prev
- ISM New Orders
 - 48.6 vs 54.6 f'cast, 55.1 prev

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Bonds were moderately weaker in the overnight session with 10yr yields just above 4.26% at times. There was already a decent show of support there, but the ISM data has prompted a decisive reversal with 10s now down 3bps at 4.184 and MBS back to unchanged after being down a quarter point.

This is a somewhat counterintuitive result given the jump in the inflation component of the data, but the other components are weak enough to more than make up for it.