



ALERT: Erasing Some Gains After ISM Data

- ISM Services
 - 53.5 vs 52.6 f'cast, 52.8 prev
 - prices 62.6 vs 60.0
 - employment 53.9 vs 52.3

The reaction is fairly modest so far, but it has been good for nearly an eighth of a point of weakness in MBS and a 3bp jump in 10yr yields. More to the point, we wouldn't be surprised to see a bit more selling given the nature of the data.

The average lender is not out with rates quite yet, so reprice risk is limited. Lenders who were out with rates and who are notoriously jumpy are in a position to consider reprices.



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