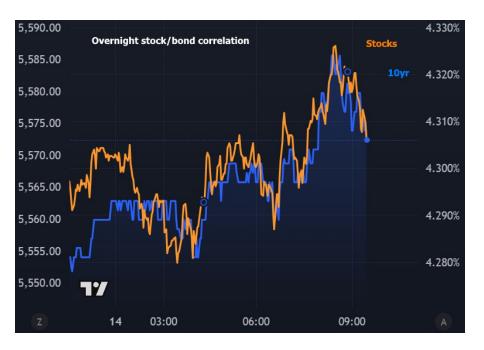
## MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## The Day Ahead: Markets Trading Shutdown Risks? We'll Find Out Soon

It's been an on-again, off-again week for bonds and several of their trading motivations. Economic data has played its part at times, but not in any excessive way. The same goes for the recently relevant "stock lever" (the tendency for higher stock prices to push bond yields higher and vice versa). It was the latter that was most noticeable in the overnight session with modestly higher stocks and bond yields.





Gary Kesler Executive Finance Manager, Central Valley Home Lending

www.cvhlending.com M: (916) 804-0142 gary@cvhlending.com

3461 Fair Oaks Blvd. Ste 125 Sacramento CA 95864 CVHL NMLS #2455817 MLO NMLS #693579



The most basic assumption is that this has something to do with late headlines yesterday regarding the prospects for averting a government shutdown. Whether or not this is the true motivation is nearly moot for two reasons. First off, the extraordinary measures that have prevented a shutdown thus far technically expire today if we take the government at their word. Perhaps more importantly, non of this week's movement in bonds has been very consequential. If anything, it's a garden variety consolidation after hitting multi-month lows last week.

