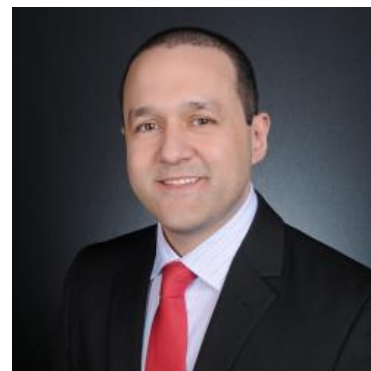


## UPDATE: Additional Gains After Weaker ISM Data, But They're Not Sticking

- ISM Services
  - 50.8 vs 53.0 f'cast, 53.5 prev
- ISM Employment
  - 46.2 vs 53.9 prev
- ISM Prices
  - 60.9 vs 62.6 prev

Bonds were already sharply stronger overnight, but briefly moved to even lower yields following the ISM Services data. The report was bond-friendly across the board and would likely be resulting in a more concerted rally if we hadn't already rallied so much since yesterday afternoon.

10yr yields are now actually a bit higher than pre-data levels. One way to reconcile that paradoxical outcome is to note the outperformance of shorter-dated Treasuries. In other words, traders are preoccupied with adjusting for a faster Fed rate cut timeline (something that spills over to shorter term Treasuries first and foremost).



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