MBS & TREASURY MARKETS

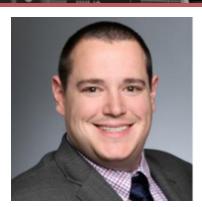
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ALERT: Losing Ground After ISM Data

- ISM Manufacturing PMI
 - 48.7 vs 48.0 f'cast
- ISM Prices Paid
 - 69.8 vs 70.3 f'cast, 69.4 prev

The S&P version of this data (out 2 weeks ago) suggested we should brace for a big spike in the "prices paid" component. Clearly, that has not materialized. Additionally, the PMI itself was slightly stronger than expected. Bonds are selling on the news with MBS down 2 ticks (.06) on the day and 7 ticks (.22) from the pre-data highs.

10yr yields are now up 2.1bps at 4.18.



Drew Stiegemeier Mortgage Banker, Frontier Mortgage frontierhomemortgage.com/drew P: (636) 898-0888 M: (618) 779-7507 1406168





Mike Mihelcic Associate, Re/Max Alliance www.remax.com/.../102293806 P: (618) 656-2111 M: (618) 339-5752 remaxmike2012@gmail.com

1121 University Drive Edwardsville IL 62025

