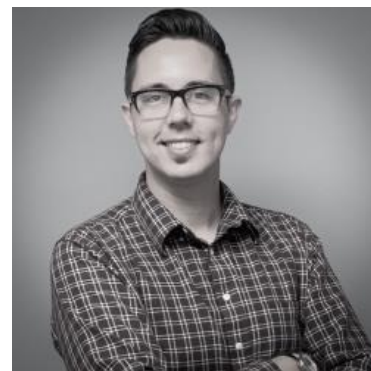


# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## The Day Ahead: Hesitation Ahead of Treasury Auction and Month-End

After starting the holiday-shortened week on a positive note yesterday, bonds are already circling the wagons and encountering some resistance. This doesn't necessarily kill the notion of a supportive ceiling overhead, but it does confirm the broader, persistent reality: bonds will need a compelling reason for sustained improvement. This could take the form of exceptional weakness in economic data, surprisingly tame inflation, or the seemingly impossible accomplishment of lowering Treasury issuance via fiscal policy. As for today, bonds are moving to the sidelines ahead of the 5yr Treasury auction. There also looks to be some front-running of month-end rebalancing with risk parity trading hitting both stocks and bonds at 9:30am.



**Mike Hardy**

Mortgage Advisor

**M:** (562) 370-0544

6621 E. Pacific Coast Highway  
Long Beach CA 90803

NMLS #1175689

DRE #01326046

