

MBS & TREASURY MARKETS

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The Day Ahead: 2 Key Reports, 2 Reasons to Sell Bonds

Today is a rare day when it comes to economic data. The first Wednesday of any given month is often an important one for economic data because ISM Services often falls on Wednesday, joining ADP to create a duo with a strong track record of market movement. In today's case, because of the government shutdown, it means we're getting a higher proportion of market-moving data inside a 2 hour window than any other day (or even entire week) could possibly offer. Unfortunately, neither report was bond-friendly. Thankfully though, ADP wasn't exceptionally unfriendly. Additionally, at 48.2, ISM's employment component remains under 50 (the dividing line between expansion and contraction) and barely beat the 47.6 forecast. These "yeah buts" are likely limiting the damage we'd otherwise be seeing, but there is nonetheless some damage to see.



Drew Stiegemeier

Mortgage Banker, Frontier Mortgage

frontierhomemortgage.com/drew

P: (636) 898-0888

M: (618) 779-7507

1406168

Frontier Mortgage



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

