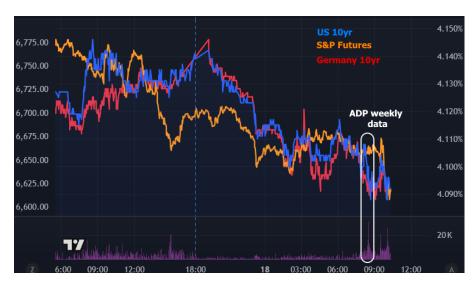
MBS & TREASURY MARKETS

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The Day Ahead: Bonds Buy The Dip Regardless of AM Data

We've seen a clumsy, confused return of various economic reports this morning (several reports were no previously announced with rescheduled release dates). Thankfully, the surprise releases were not big-ticket items. The most relevant report of the morning was ADP's new weekly job count ("NER Pulse") which showed another decline. By the time it came out, bonds had already rallied nicely in the overnight session. This suggests traders were already keen to buy the dip in prices that resulted in yields hitting the top of the recent range. The Cleveland Fed WARN notices (which came out late yesterday) could have helped get the party started.

US Notices of Mass Layoffs Surge October tally among highest since mid-2000s Monthly WARN notices 60K 2008 2010 2012 2014 2016 2018 2020 2022 2024 Source: Federal Reserve Bank of Cleveland Note: Chart scale excludes full 2020 increase. Bloomberg



Joshua Daniel

President, NAV Home Loans

P: (303) 929-0578 M: (303) 929-0578

3425 S Inca St Englewood Colorado 80110 2708570

