

MBS & TREASURY MARKETS

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The Day Ahead: Stronger Start, Mostly Before ADP Data

10yr yields are almost 4bps lower in early trading and the ADP employment report came in at -32k vs a +10k forecast. The logical conclusion would be that the data is responsible for the rally, but there was actually a remarkably light reaction to the data, both in terms of volume and volatility. Most of the gains arrived between 6am and 7:30am ET and yields are actually back in line with pre-ADP levels by 8:30am. The morning's next big report is ISM Services at 10am ET.



Marc Erickson

Branch Manager, Better
Rate Mortgage, Inc.

www.themortgagemarc.com

P: (970) 657-2925

M: (720) 295-0704

110 N College Ave
Fort Collins CO 80524
1245157

