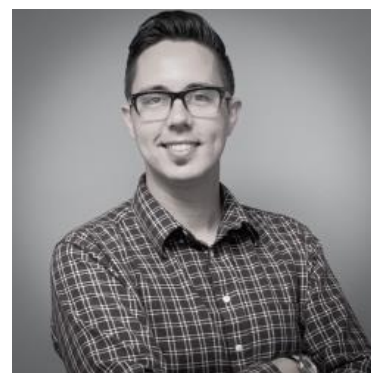


MBS & TREASURY MARKETS

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The Day Ahead: Calmer Start. Uneventful ADP. Waiting on ISM

After 2 days of much higher volatility at the open, bonds are roughly unchanged so far this morning and the overnight session was noticeably calmer. Today's big ticket data includes ADP Employment and ISM Services. The former is already out (63k vs 50k, with a negative revision about the same size as the beat) and not moving markets. With that, we wait for ISM Services at 10am ET--arguably a much more capable market mover on average. With 10s trading in the 4.07's currently, 4.10% increasingly looks like a technical ceiling.



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