

# MBS & TREASURY MARKETS

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## The Day Ahead: Steady Start; No Drama From ISM Data

Bonds weathered the 3-day weekend without issue. We started the day modestly stronger, but have moved back closer to unchanged levels in the first 2 hours. The day's only big-ticket (or semi-big-ticket?) econ data was the ISM Services index, but admittedly, that has more of an impact when it's released BEFORE the jobs report. Moreover, it was right in line with expectations at 54.0 vs 54.0, so even if this had come out last week, it may not have moved the needle.

There are always multiple ways to approach trends and technicals in markets. When it comes to bonds, the more neutral option is to focus on the recent trading range which has mostly held between 4.52 and 4.51 in 10yr yields.



The bigger picture is a bit more gloomy as it involves a longer-term uptrend in yields (ongoing).



**Jeff Farnham**

President, JTS & Co.

[www.jts-co.com](http://www.jts-co.com)

P: (662) 329-9090

4158 HWY 45 N  
Columbus MS 39705

NMLS #89796

JTS & Co. NMLS #55275





But if we zoom out even more, we find that yields have tended to encounter a supportive ceiling at or just over 4.70%, which was basically the high on May 19th.

