

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Sharply Weaker on Oil and Econ Data

Bonds lost ground overnight with rising oil prices correlating very well with the higher yields. The selling was minimal and yields remained range bound until roughly 945am ET. While there was slight additional pressure from another little pop in oil prices, the main bad actor was a surprisingly strong reading in S&P PMI data. This series typically goes unnoticed unless it wildly beats/misses forecasts. This morning's results were on the wild side with both services and manufacturing hitting the highest levels in years. Bonds reacted immediately with 10yr yields jumping from 5.0% to over 5.04% almost instantly. Fed Funds futures lurched to price in even stronger odds of a second rate hike at the next meeting and 2 hikes by December (over a 50% chance now).



Paul E Smith

Owner, Main Street
Mortgage Company

www.texasmainstreet.com

P: (713) 528-1245

M: (713) 480-7385

3100 Richmond Ave
Houston TX 77098

MSMC NMLS 296814

Paul E Smith NMLS 193580

MAIN STREET
MORTGAGE COMPANY

