The Day Ahead: Slightly Stronger Start. Mostly Holding After ISM Data

Bonds were initially a hair weaker at the start of the overnight session, but rallied gradually after that. The sharpest gains arrived at the 9:30am NYSE open, suggesting money manager reallocations and "new month" trades. ISM Manufacturing hit 30 minutes later and the first reaction was modest bounce toward slightly higher yields and slightly higher stock prices. Perhaps the most notable development is that stocks are back up to Friday morning's levels even as bonds remain 4-5bps lower compared to the same baseline.





Brian Walters
Vice President, Eagle Bank Mortgage
www.brianwaltershomelending.com
P: (662) 298-8554
M: (901) 438-1901
bwalters@eaglebank.mortgage
210 E Commerce St Suite 3
Hernando MS 38632
NMLS #419389

EAGLE BANK MORTGAGE
Eagle Bank & Trust Co. NMLS #410317

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