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# UPDATE: ISM Manufacturing Lower Than Expected. Bonds Are OK With It

- ISM Manufacturing
  - PMI 57.7 vs 59.0 forecast, 59.8 previously (lowest since April 2018)
  - Prices Paid 71.6 vs 65.0 vs 66.9 previously
  - New Orders 57.4 vs 61.8 previously (lowest since April 2017)
- Construction Spending
  - 0.0 vs 0.1 forecast

Although the "prices paid" component of the ISM data is a potential concern (speaks to inflation), I'd look at that more as an indication of the impacts of tariffs increasing costs at the wholesale level, and as a justification for the big drop in New Orders. In other words "stuff's getting more expensive, so we can't buy as much of it." Could be a bit of an oversimplification, but it works.

The headline (57.5 PMI) is still the most important part of this report, and that's just barely a big enough miss to net a bit of extra buying demand in bonds, at least at first. 10s were briefly down to 3.146% in the wake of the data, but are now back up to 3.157%. Fannie 4.0 MBS are now down only about an eighth of a point after being down nearly a quarter of a point at the morning's weakest levels.



## MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST

## Average Mortgage Rates

	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

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