

# Weekly Preview

By Sigma Research

Forwarded exclusively by:



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Monday, September 26, 2011

**This Week;** Treasury will auction \$99B of notes as it normally does the last week of the month. Auctions start on Tuesday with 2 yr notes, Wednesday 5 yr notes and Thursday 7 yr notes. Economic data has August new home sales on Monday, consumer confidence on Tuesday, August durable goods orders on Wednesday, Thursday the final Q2 GDP and weekly claims, Friday August personal income and spending as well as the Sept Chicago purchasing mgrs index. While markets will look at the data, the bigger issue continues to be on Europe's inability to come to some plan to avoid debt defaults in Greece and the other troubled countries in the EU. The essential core of the inability to come up with a plan is that the EU, the ECB do not have enough capital do do it-----pushing on the string. With the Fed buying MBSs and swapping short maturities for long maturities, and saying the FF rate will stay at present lows through mid-2013, interest rates will continue to remain low for a long time. Where the rubber meets the road though is what is the definition of low? At 1.67% the 10 yr note has backed up some, however the trend and technicals are still bullish. We continue to expect high levels of volatility such as we saw on Friday; big swings in both directions. The action in the equity markets still carries huge influence over the interest rate markets.



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