

## UPDATE: Retail Sales Data Tanks. Other Data Disagrees. Bonds Rallying

- Retail Sales
  - -0.8 vs -0.1 f'cast, 0.4 prev (revised down from 0.6)
- Jobless Claims
  - 212k vs 220k f'cast, 220k prev
- Import prices
  - 0.8 vs 0.0 f'cast, -0.7 prev
- Export Prices
  - 0.8 vs -0.1 f'cast, -0.7 prev
- NY Fed Manufacturing
  - -2.4 vs -15 f'cast, -43.7 prev
- Philly Fed Index
  - 5.2 vs -8.0 f'cast, -10.6 prev

The biggest data of the morning and the biggest story for bonds is the big miss on Retail Sales. If this report were released in a vacuum, we might be seeing a more one-sided reaction. But the other reports are not insignificant (with the exception of Import/Export prices, which never seem to move the needle) and all of the rest were stronger than forecast.

This accounts for some of the push-back after a decent initial rally. 10yr yields were as low as 4.17, but are back up to 4.193 now--still down 5.2bps on the day.

MBS are up at least 6 ticks (.19) and probably a tick or two more after adjusting for illiquidity.



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