

## The Day Ahead: More Losses. When Will Buyers Be Enticed?

Yesterday's commentary pulled an occasionally used phrase off the shelf by referring to recent weakness as a "repricing" in the broader bond market. This is an intentional migration from one rate reality to another. These episodes happen from time to time and are usually driven by data or a major change in policy. The most important thing to understand about them is that they have a certain amount of self-sustaining momentum until buyers can't help but be enticed to scoop up higher yields. With a rather sharp pace of recent losses and 10yr already hitting the 4.65% technical level, is it time for enticement?



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There's nothing magical about 4.65. It was just the next highest level after 4.57 that had offered support in the past (in Nov 2023). This isn't to say that traders can't be motivated by technical levels or that other, more complex technical indicators couldn't also be motivating some buying demand.

Higher rates will increasingly raise these questions, but they will ultimately only be answered by data and the Fed's policy response. To that end, Powell will have a chance to address the most recent CPI and Retail Sales numbers in a speech this afternoon.