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The Day Ahead: Overseas Markets Return (To Buy Bonds)

The theme of "waiting" amid an empty calendar will be played out by the end of the week (if it's not already played out from most of the past year spent waiting for only a handful of key events each month). Despite a few scattered events on today's calendar, none of them are worth any significant potential volatility for bonds. Without big ticket data, other considerations become a bit more visible in terms of their impact on trading levels. In today's case, it's the return of European markets after a 3 day weekend. Weaker PMI data in Europe helped bonds overnight and US traders have added to the gains in the first few hours.



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In the slightly bigger picture, however, we see that it requires a microscope to draw any conclusions from this morning's movement and its relationship to the present trend.



Also recall yesterday's commentary regarding the range set by the April 10th CPI reaction, and the assertion that this would be a logical place to wait for the next CPI release. Against this backdrop, this morning's moderate improvement only brings bonds closer to the center of that range.

