

## The Day Ahead: Slow Start to a Week That Could be Anything But

The Consumer Price Index (CPI) has done more than any other report to shape trends in the bond market in the past year. At times (such as the middle and end of 2023), CPI provided hope that inflation was moving back down to target levels. At other times, such as Q1 2024, it's suggested a troubling resurgence of elevated inflation. This week's installment isn't exactly in a position to put any debates to bed. If it's higher than expected, it would suggest the market continues waiting for better evidence of a shift. But if it's lower than expected, traders will increasingly view Q1 as the last unexpected push before a better chance at a turning point. With the Fed out with a new dot plot that same afternoon, there's a lot at stake this week, but you wouldn't necessarily know it based on the slow, sideways trading in place at the start.



Today's only potentially relevant calendar item is the 3yr Treasury auction at 1pm. Shorter term auctions are less likely to cause a reaction, but it's not out of the question.



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