

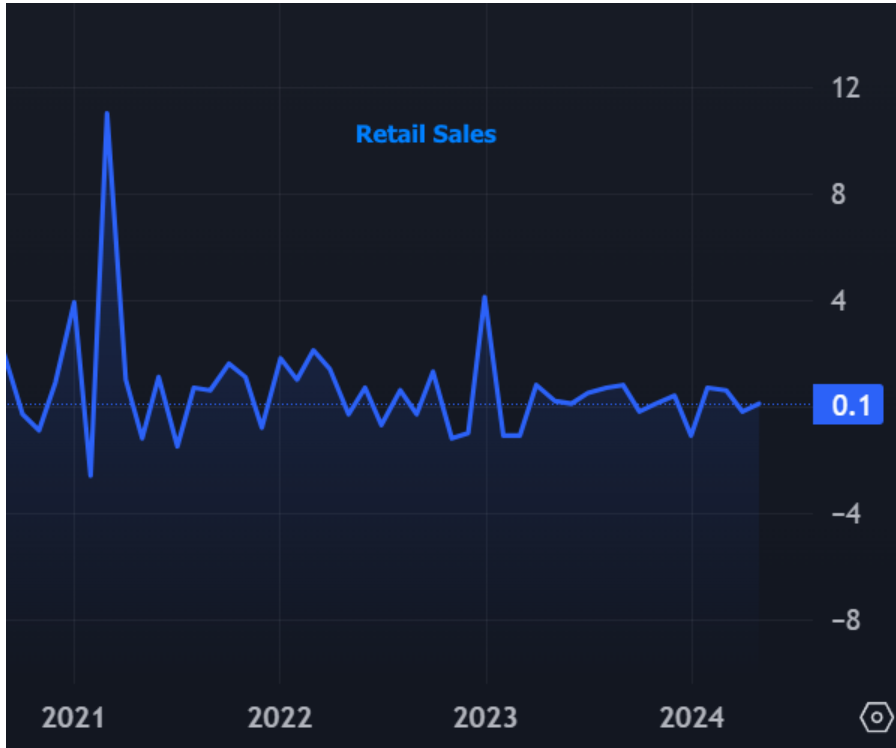


## The Day Ahead: Bonds Back in The Game After Modest Miss in Retail Sales

It's nearly impossible to avoid hearing the phrase "data dependent" when following financial markets these days and this morning's movement is the latest reminder. A mere miss of 0.1 vs 0.2 in Retail Sales has resulted in an immediate and obvious bond market reaction, even if it hasn't been extreme in terms of the level of improvement.



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It also clearly benefited from a larger downward revision to last month's reading (-0.2 vs 0.0). The net effect is a move to the lowest yields of the week, but not as low as those seen last Friday.



With the 20yr bond auction this afternoon and a market closure tomorrow, it would be a surprise to see traders try to improve on these gains without a surprise of some sort in the news.