

MBS & TREASURY MARKETS

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The Day Ahead: Some Selling After Data, But Does it Matter? (Spoiler Alert: No)

This morning's Retail Sales headline was stronger than expected, but the sub-components (analogous to something like core CPI as opposed to headline CPI) painted a flatter picture. As such, bonds didn't have much selling to do. The resulting levels would make for the 2nd lowest closing yields of the year if they can be maintained or improved upon over the next few hours.



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That's a very strong position from which to approach tomorrow's Fed announcement. In fact, even if bonds sold off 10bps, yields would still be very low in the bigger picture.

