

## The Day Ahead: Off to a Weaker Start as Post-Fed Correction Continues

We closed last week with the idea of "buy the rumor, sell the news" seemingly being a good way to think about the time leading into and away from the Fed's 50bp rate cut. While bonds looked to be leveling off in terms of the pace of selling on Friday, the new week is seeing a bit of a resurgence. The still-strong S&P Global Services PMI this morning surely didn't help.



It's worth noting that the "selling the news" part of the current bond market weakness isn't exactly the best way to look at things, largely because short term rates haven't seen much selling. In fact, when it comes to the yield curve, we could simply say that the curve steepening (2yr doing better than 10yr) has continued apace both before and after the rate cut. Before Fed day, it was bull steepening (2yr falling faster than 10yr) and after Fed day, it's bear steepening (2yr rising less than 10yr).



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