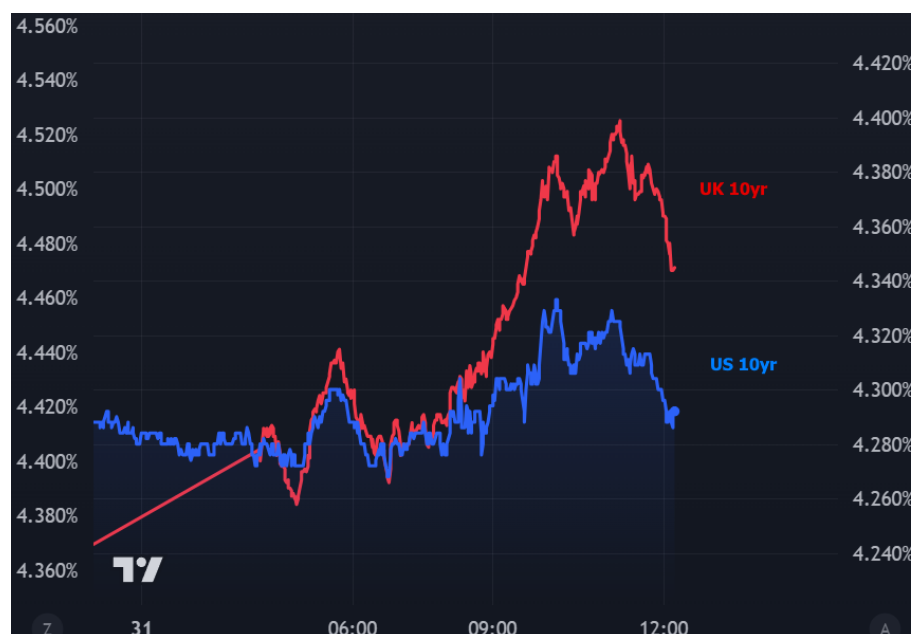


The Day Ahead: Once Again, Bonds Hangin' Tough Without Much Focus on Data

If it weren't for the surge of volume in Treasuries lining up perfectly with economic report release times, one might wonder if traders even care that much about economic data right now. That would be quite the anomaly considering NFP week is traditionally the most reliable time to see data impact bonds. The counterpoint is that today's data wasn't resoundingly stronger than expected. Jobless Claims were back in line with trend levels, as expected, and monthly core PCE came in right in line with expectations (arguably a bit lower, considering the unrounded number was as low as it possibly could have been without being rounded down to 0.2% vs the 0.3% forecast). Lesser headlines were weaker than expected, but didn't help bonds. Instead, most of this morning's cues have come from overseas, of all places (thanks for nothing, U.K.).

The following chart has the same 20bps of y-axis space for both UK and US 10yr yields. This illustrates where the bond market drama is today, and helps us understand why we're seeing a late-morning recovery.



Bonus charts just to keep tabs on the evolution of jobless claims data:



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Jobless Claims, Week by Week, Not Seasonally Adjusted

