The Day Ahead: Bonds Still Willing to React to Econ Data

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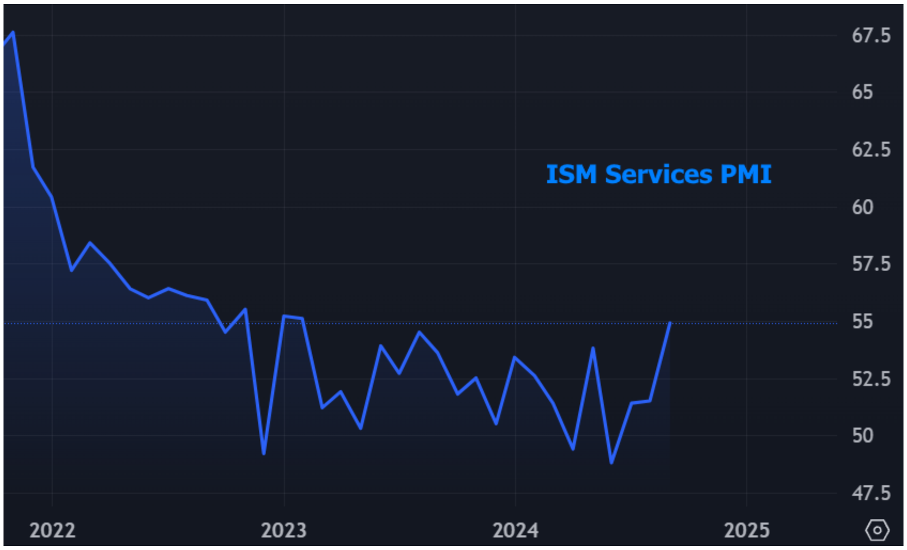
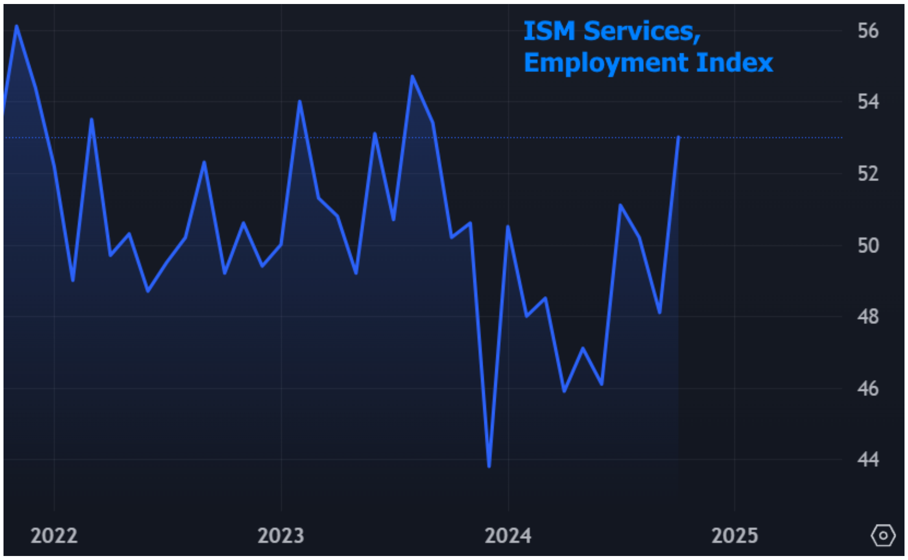
Last week could easily have left us with the impression that the bond market's love affair with economic data was put on hold until after the election. One could even claim that Friday's jobs report was ultimately ignored in favor of "something else" that drove weakness after the initial gains.

Now today, a fairly straightforward beat in the ISM data is resulting in a straightforward sell-off in bonds. The headline PMI was the highest since late 2022, when it was still on the way down, and the employment index was the highest since late 2023--important validation for the balmy NFP number, even if ISM only garnered about half the trading volume of NFP.

To be sure, we don't expect this--or any--data to be the dominant market mover by tomorrow. Surely, those boots will be filled by the election, whether it's resolved or not. Still, this is important confirmation that data remains important, as long as it's the right data with a big enough departure from forecasts.






10yr yield
NFP reaction
ISM reaction
4.400%
4.350%
4.300%
4.250%
100 K
11:30
4
11:30
5
11:30