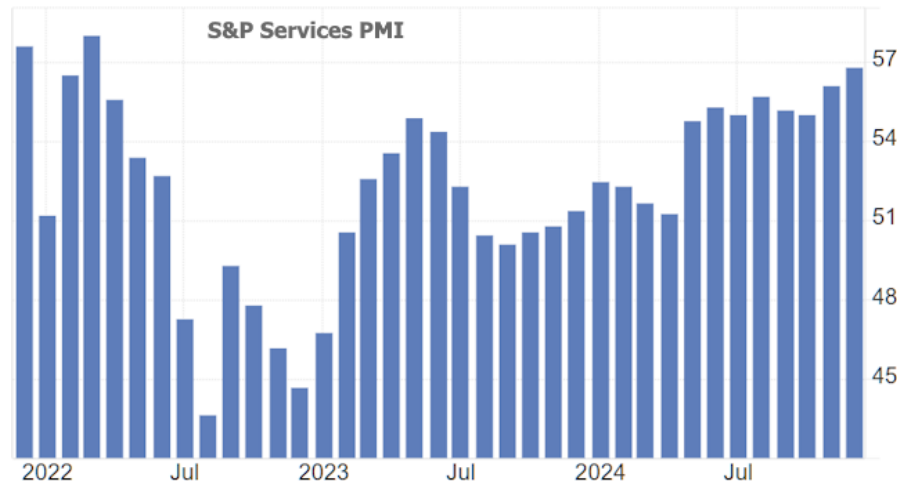


## The Day Ahead: No Help From Econ Data as Bonds Prepare For Supply

Treasuries made modest gains in overseas trading, but yields are heading higher during domestic hours. There are two things working against us this morning. The first is more of a general backdrop created by Treasury auction supply. It's rare to see bonds take a bullish lead-off ahead of an auction cycle these days. If anything, it's more common to see more selling at first and then some relief after the Wednesday or Thursday auction. The second headwind is the absence of "help" from this morning's econ data. The "miss" in the S&P Services PMI is a bit misleading. In addition to being a small miss, it left PMI at the highest levels since early 2022. The business confidence component is at an 18 month high and the employment component rose for the first time in 5 months. In that light, it's no surprise to see bonds shy away from a favorable reaction.



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