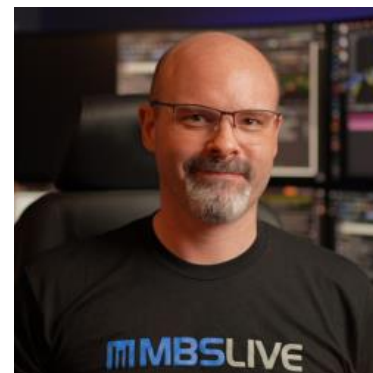


The Day Ahead: Quiet Monday For Data. Bonds Staying on Defense Ahead of Inflation Reports

After last Friday's jobs report, the evaporation of Fed rate cut probability has been a common refrain. While it's true that there was an obvious shift in both long and short term rates, it was a drop in the bucket compared to the broader move that has transpired since early October.



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During that time, the labor market has been looking much stronger than previously expected and inflation hasn't been showing as many encouraging signs as hoped. Last week's jobs report was just the latest dagger. This week's potential daggers include the PPI and CPI data over the next 2 days respectively (CPI being the much bigger deal, as always). Monday is relatively data-free but nonetheless off to a slightly weaker start.