

# MBS & TREASURY MARKETS

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## The Day Ahead: Pushing Into Stronger Territory With Help From Data, Fed, and Maybe More

While it was never going to be on the same level as yesterday's CPI in terms of market movement potential, Retail Sales was likely to be today's most relevant data. The early price action confirmed that. Jobless Claims and Philly Fed were stronger than expected. Retail Sales was the only report that was weaker, and that's the way bonds chose to trade it, moving to erase some of the overnight losses. Next up were comments from Fed's Waller on the prospect for 2025 rate cuts and further inflation progress. This kicked the rally into higher gear, bringing bonds well into positive territory on the day. Treasuries are also feeling enthusiastic about Bessent's confirmation hearing (and his forceful thoughts on fiscal austerity). Either that, or we're seeing some follow-through trading and short covering precipitated by the earlier gains.



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