

## The Day Ahead: Bonds Struggling to Hang With Stock Market Swoon

While much of the recent improvement in the bond market can be tied to various economic reports, there's been more than a normal amount of improvement due to "risk-off" trading. In other words, economic concerns led to general "sell stocks, buy bonds" vibes. After taking a quick break from the pity party on Friday, the stock market is back at it today. Bonds are once again getting some spillover, but we're definitely starting to see some hesitation. Stocks are like the friend who wants to keep partying. Bonds are like the friend who has to work in the morning.



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This isn't phenomenon isn't limited to the past 24 hours. If we go back to the start of the risk-off episode, we can see bonds consistently take a more measured approach. A chart of yields vs stocks doesn't show the disparity accurately, so the following chart shows the percent change in stock prices vs Treasury futures prices (a price vs price comparison in percent-change terms).

