

MBS & TREASURY MARKETS

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UPDATE: Losing Some Ground as Retail Sale Control Group Comes in Higher

- Retail Sales
 - 0.2 vs 0.6 f'cast, -0.9 prev
- Retail Sales "control group"
 - 1.0 vs 0.3 f'cast

Alan Holom

SVP, Stockman Bank

www.stockmanbank.com

P: (406) 234-8438

2700 King Ave

Billings MT 59102

While the retail sales headline is lower than expected, the control group (excludes autos, gas, and building materials) was up sharply from last time and much higher than forecast. This is the number the market is reacting to.

Bonds were stronger overnight, but are giving up a majority of those gains now. 10yr yields are still down 1bp on the day at 4.302 and MBS are unchanged.