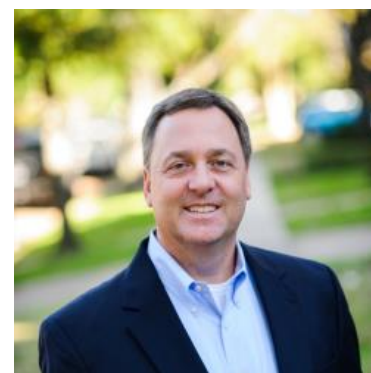


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The Day Ahead: Slow Start, Two-Way Trading After Data

Bonds mostly lost ground in the overnight session, and then lost just a bit more ground after the 8:30am econ data. This consisted of Jobless Claims coming in slightly lower than forecast, and Labor Costs rising to 5.7% for Q1 vs 2.0% in Q4. Of the two, the latter likely accounted for the initial selling impulse, but it was short-lived. Bonds rallied with 10yr yields dropping almost 4bps, and have since bounced back to the weakest levels of the morning (but this is too far removed from the AM data to blame the AM data). The only other relevant scheduled event is the 30yr bond auction at 1pm ET. Apart from that, trade related headlines may cause some ebbs and flows with the US/UK deal being announced.



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