

# MBS & TREASURY MARKETS

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## UPDATE: Minimal Response to Big Data Glut

- Retail Sales
  - 0.1 vs 0.0 f'cast
- Retail Sales Control Group
  - -0.2 vs 0.3 f'cast, 0.5 prev
- Core PPI Monthly
  - -0.4 vs 0.3 f'cast, 0.4 prev
- Core PPI Annual
  - 3.1 vs 3.1 f'cast, 4.0 prev
  - big revision from 3.3 last month
- Jobless Claims
  - 229k vs 229k
- Philly Fed
  - -4 vs -11 f'cast, -26.4 prev

Bonds were moderately stronger overnight, basically erasing the afternoon portion of yesterday's sell-off. Gains have extended just slightly after the deluge of econ data at 8:30am. PPI was a non event after accounting for the revisions. Jobless Claims data was even less interesting. Philly Fed is hit and miss as a market mover. That leaves Retail Sales as the only obvious choice for inspiration.

The modest rally jives with big miss in the control group. It would be worth more to bonds if traders weren't taking April data with a grain of salt owing to tariff-related uncertainty. That said, we'd expect the distortions to go the other way for Retail Sales as consumers should have been rushing to buy stuff before it got more expensive.

10yr yields are down 3.6bps on the day at 4.498 and MBS are up 6 ticks (.19).



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