# The Day Ahead: Choose Your Own Market Movement Adventure.

There's a noticeable divergence between long and short term bonds since the Fed announcement, and it's becoming more pronounced today.  We can consider a few different reasons with the most basic being that the Fed rate cut outlook keeps shorter-term yields locked down at lower levels thus forcing the long end of the curve to absorb more of the selling impulse on selling days. As far as 2yr yields are concerned, it's not even really a selling day (they're currently DOWN microscopically). Meanwhile, 10yr yields are almost 4bps higher.


We can also consider an underlying concern among traders that was encapsulated in a comment this morning from Fed's Goolsbee, who said there was little to suggest the labor market was decaying fast enough to warrant this week's rate cut, especially in the absence of more timely econ data. The tacit conclusion is that if next Tuesday's jobs report is strong, markets will increasingly feel like the Fed just made a mistake.  Last but not least, the least stressful thesis is that 2025 ended on Fed day and everything we see between now and the 2nd week of January is noise.  Choose your own adventure.



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