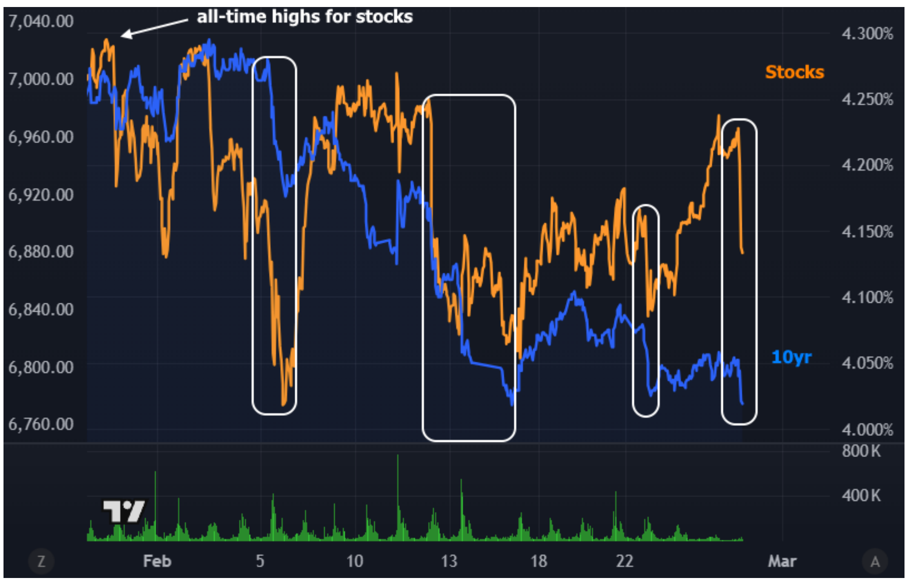
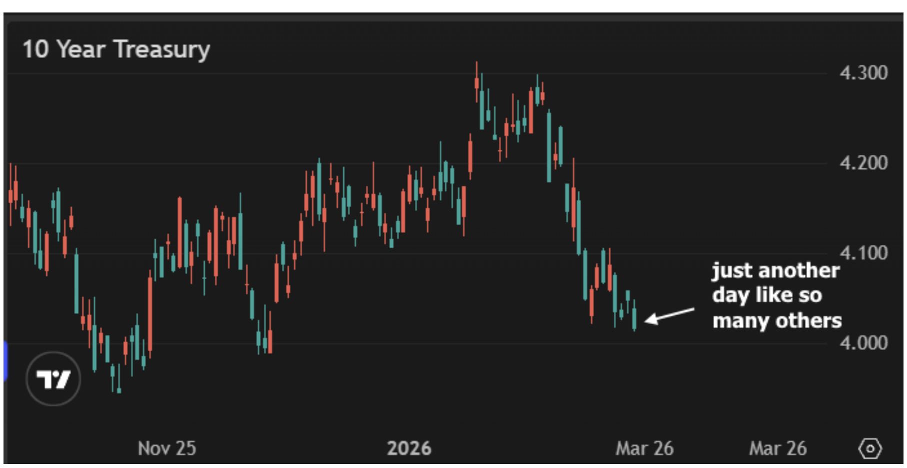
The Day Ahead: Back to The Stronger End of The Range

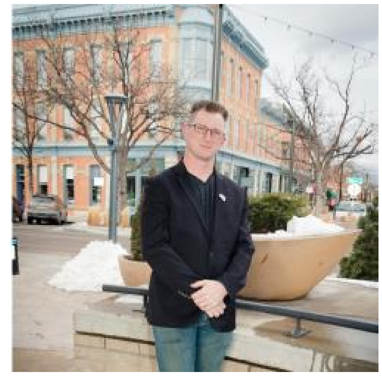
This is the problem with narrow trading ranges. Yesterday, yields were safely inside a narrow range near long-term lows. Today, they're challenging the lowest levels since November. Any time we're at the best levels in months, it's normal to want to know why, but because of the narrow range, there isn't really a new "why" for today's share of the move. After all, 10yr yields are down less than 3bps, which is a below average move in the big picture. We can't blame data as there isn't a compelling option there. If we're still desperate for a scapegoat, it may not be perfect, but there is enough correlation with the stock market's struggle to make new highs that we can at least consider it.

Today's chart shows how stocks have slipped from all-time highs and how bonds have benefited with every instance of significant slippage.



The 2nd chart is just for bigger picture perspective.





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