The Day Ahead: Decent Start, Lower Oil Prices, Weaker Data

There's a high bar for econ data to have any impact on bonds these days and that's especially true of inflation reports like this morning's PCE. Thankfully, no one needs to make a case for PCE having an impact, but the small amount of help for bonds came from a big miss in core retail sales and, to a lesser extent, a fairly chunky downward revision in GDP. Even then, the reaction was microscopic and hard to separate from a nice little drop in oil prices that had been underway since around 4am ET. All of that has only been worth a 1.6bp drop in 10yr yields and just over an eight of a point of improvement in MBS.

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