A message from Marc Erickson:

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The Day Ahead: Are Bonds Fighting Oil Implications Thanks to Buyback Hopes?

Not much is going on in terms of scheduled economic events until Thursday and Friday's PPI and CPI reports respectively. Those could be very big deals as some investors think the results will determine "hike vs hold" at next week's Fed meeting. Today's biggest to-do is probably the 11am announcement of the next round of Treasury buybacks. Treasury already announced that the 10-30yr buybacks would be $4 bn per operation, but Bessent subsequently said that was a minimum amount. He spoke again this morning, and literally said "I am the house now," and "you can bet against me if you want." Sounds like he thinks pretty highly of the cards he's holding, and it looks like some of the recent bond market resilience could be a risk management strategy to not get caught on the wrong side of whatever we're about to see at 11am. After that, however, it will be back to reality (and the reality is that more Treasury buybacks = more Treasury issuance, all else equal. It's a zero sum game that is mathematically incapable of serving as lasting inspiration for buyers).

Here's what we mean by "recent resilience":

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