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The Day Ahead: Strong Retail Sales Only a Mild Inconvenience For Bonds

Don't bet against the U.S. consumer, apparently. Retail sales may have merely hit the 0.2% forecast at the headline level, but the "control group" (think "core retail sales") came in at 0.6% vs 0.4% and the previous month was revised up from 0.1% to 0.5%. These are strong numbers, even after accounting for inflation. Bonds were slightly stronger before the data came out and 10yr yields moved 2bps higher immediately following the data, but that's been the extent of the damage so far. Any additional volatility will have to find different motivations. On that note, NVDA reports earnings after the bell (4pm ET or shortly thereafter) and the potential implications for equities go without saying. That said, bond yields have remained higher and flatter even as stocks have moved back toward recent lows of the past 3 trading days.



Justin Grable
President of Mortgage Lending, ABLE Mortgage
www.ABLEMortgage.com
P: (951) 899-0009
M: (951) 899-0010
justin@ablemortgage.com
41923 Second St.
Temecula CA 92592
NMLS 246763
CA DRE 01411989

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