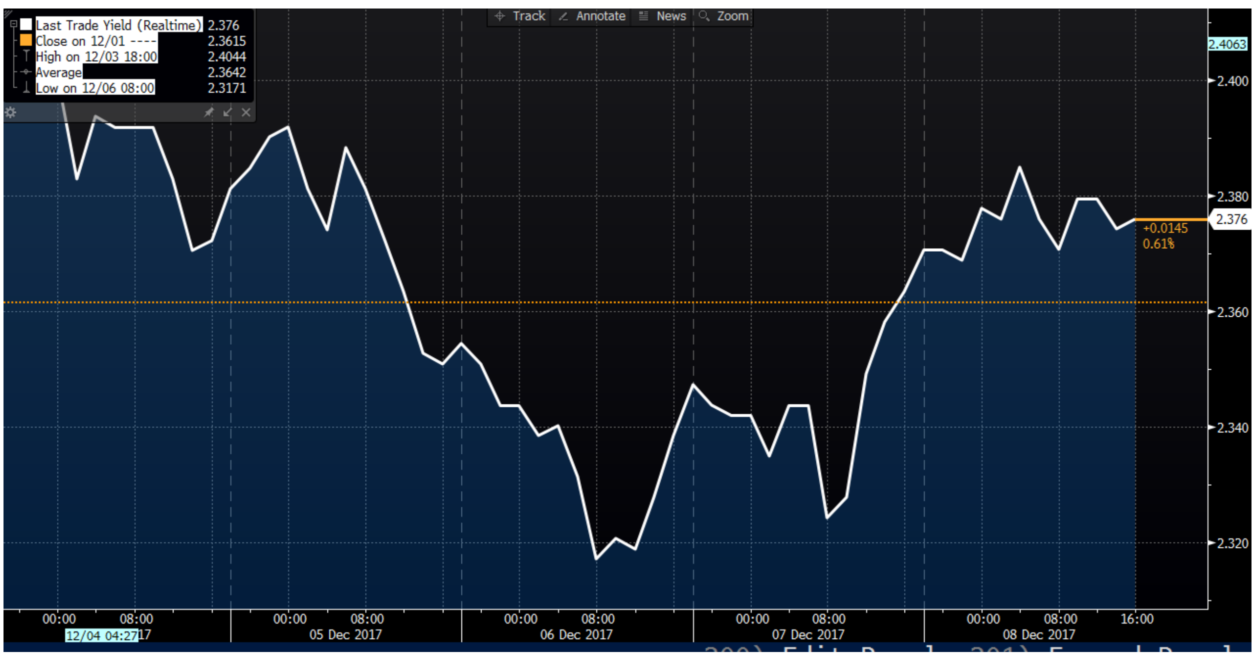
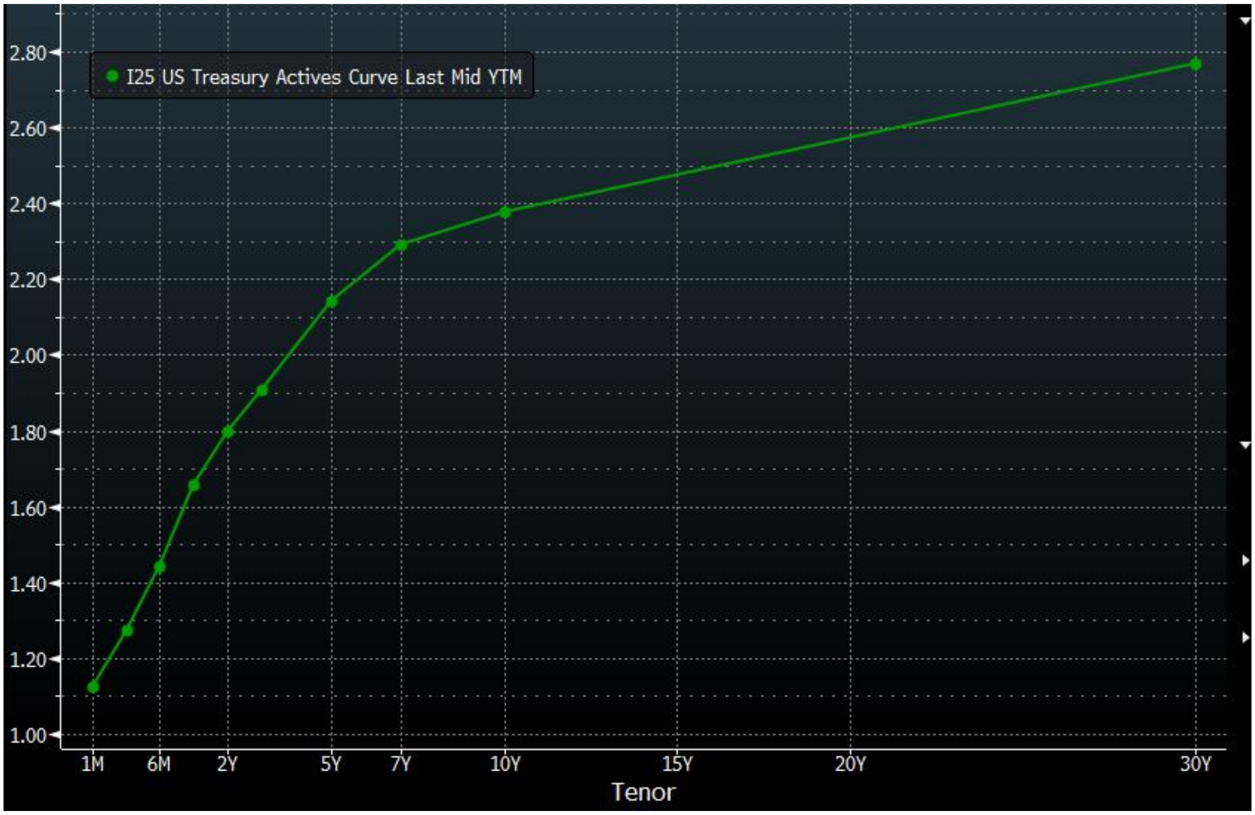
Bond Report

The bond markets were pushed this week by the fact that the government took another step towards passing the tax bill. The tax bill is expected to further open up a larger deficit in government spending. The tax bill will also help equities which will further take money out of bonds. All of these reasons sent prices down and yields up higher. Last week also saw some sub-par economic data. This economic data was received better than expected by the FED, who is still expected to raise interest rates in December, but the markets accounted for this information. Traders did not seem to be fazed very much by the end of the week accounts that there was further encouraging employment data. The reason that traders were most likely not fazed was due to the fact that previously employment had signaled an uptick in inflation, this trend seems to have been broken recently. Yields ended with 2 year note at 1.798%, 10 year note at 2.383%, and 30 year bond at 2.773%.





What's next and key events?

One Item to look for in the future is the FED Chair press release on Wednesday. This fed chair meeting will include economic forecasts which will undoubtedly move the market, whether they are negative or positive. The press release will also give further details about how the fed is feeling about the most recent economic data which is unfavorable; even though Janet Yellen seems to have taken this information in stride. Finally, this fed release should also give traders a beat on what Jerome Powell will be doing and his inclinations as to how to react to specific news coming from economic data.