

US Treasuries

- Wednesday's UST 10y range: 4.36% - 4.475%, closing at 4.42%

Bloomberg: [US Bonds Slide Most Since Pandemic as Trump Renews Inflation Bet](#)

US Treasuries slid, with the 30-year bond falling the most since the pandemic struck, as investors piled back into bets that Donald Trump's return to the White House will boost inflation.

Upcoming US Treasury Supply

Issue		Announced	Amount	Auction Date	Settle	Last Auction & Amount
10-Year TIPS	R T	Thurs 11/14		Thurs 11/21	Fri 11/29	\$17 billion (9/19/2024)
20-Year Bond		Thurs 11/14		Wed 11/20	Mon 12/02	\$13 billion (10/23/2024)
2-Year Note		Thurs 11/21		Mon 11/25	Mon 12/02	\$69 billion (10/28/2024)
5-Year Note		Thurs 11/21		Tues 11/26	Mon 12/02	\$70 billion (10/28/2024)
7-Year Note		Thurs 11/21		Wed 11/27	Mon 12/02	\$44 billion (10/29/2024)

Conference Call Friday, November 8th, featuring Jim Bianco

BIANCO RESEARCH, LLC

AN ARBOR RESEARCH & TRADING, LLC AFFILIATE

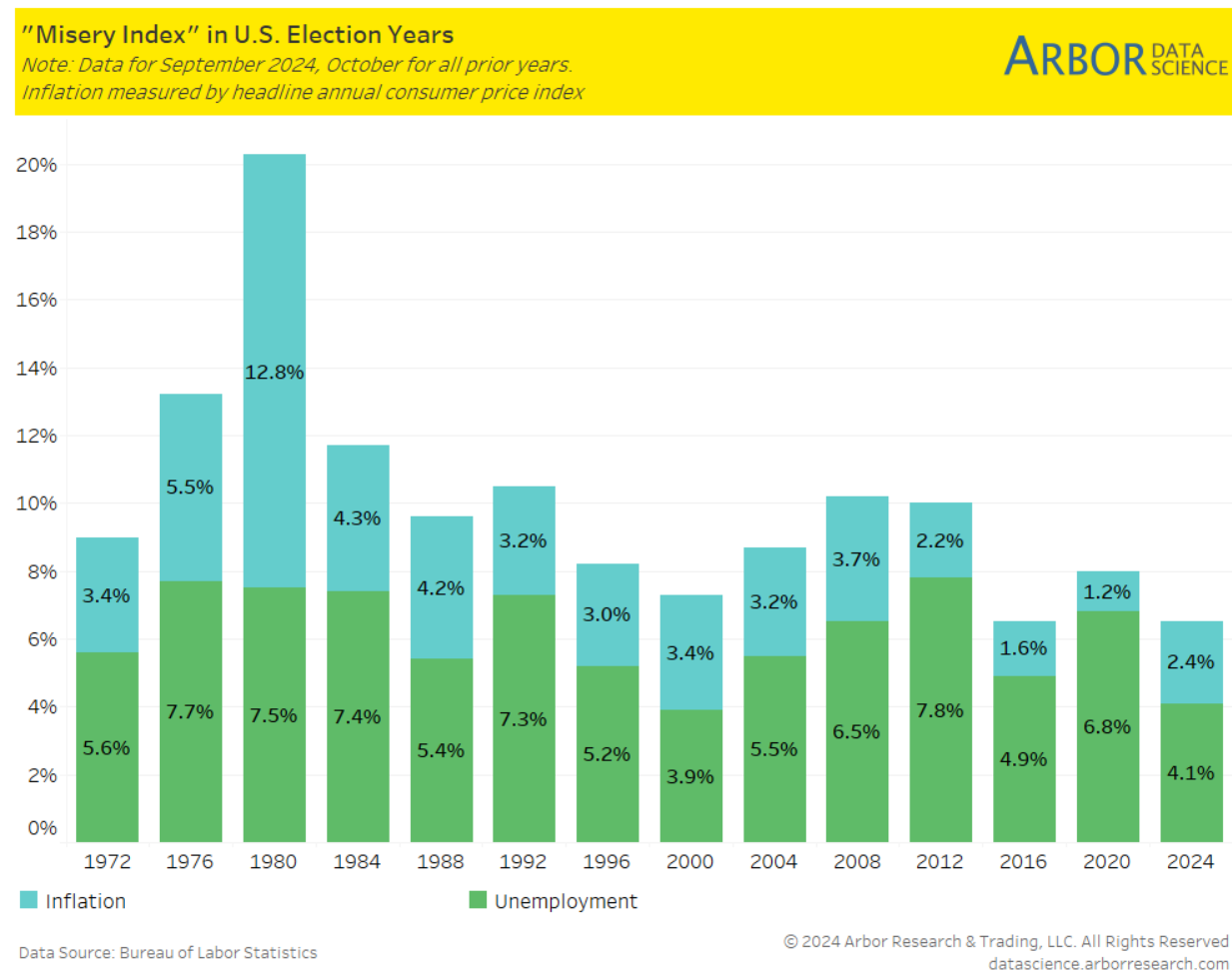
Markets and the Economy Post-Election/Fed

Friday, November 8, at 9:00 AM CT (10:00 AM ET, 7:00 AM PT and 15:00 GMT) Bianco Research, in conjunction with Arbor Research & Trading, will be hosting a webinar/teleconference moderated by Jim Bianco.

Join us Friday as we review what is expected to be a volatile week and offer our opinion on how the markets and economy might react.

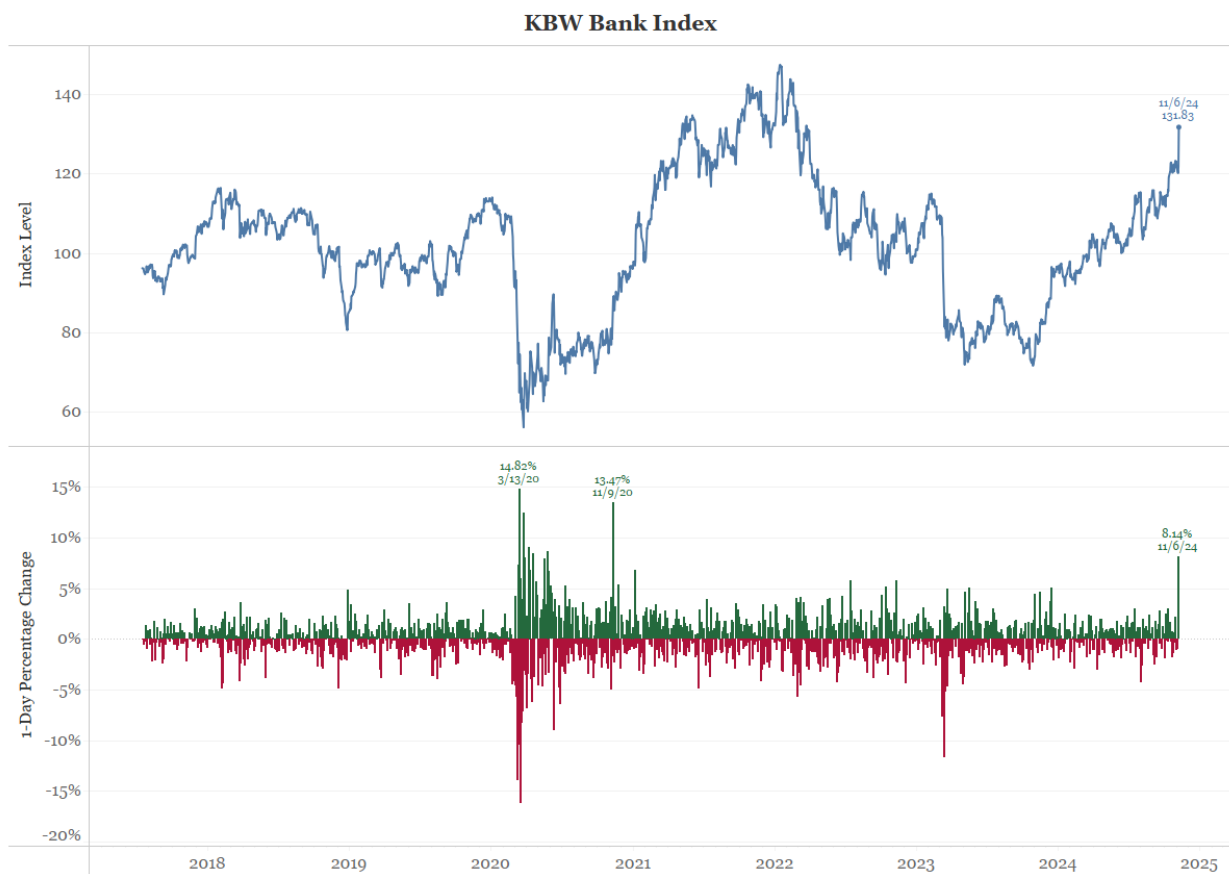
[Click Here to Register](#)

Arbor Data Science: [The Misery Index in U.S. Election Years](#)



Intraday Commentary from Jim Bianco

***KBW BANK INDEX JUMPS 8.5% IN BIGGEST GAIN SINCE NOVEMBER 2020**



Source: Bloomberg

© 2024 Bianco Research, L.L.C. All Rights Reserved
<https://www.biancoresearch.com/>

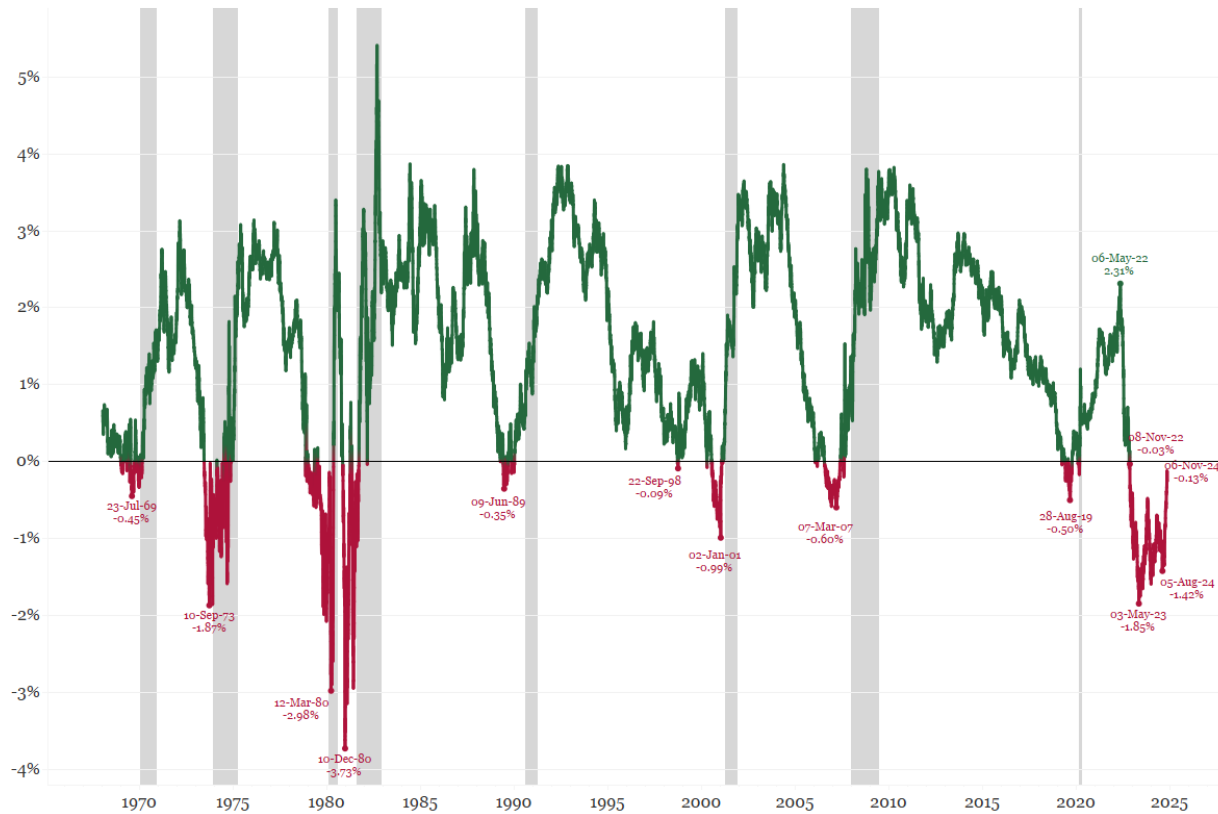
This is the biggest one-day rise for Banks since November 9, 2020—the Monday after the election and the next trading day after AP called the election (for Biden).

Today is the next trading day after AP called the election (this morning at 5:30 AM ET). The bank surge in 2020 continued in 2021 and then eventually burned itself out and then slumped badly.

Will this time be different?

The 10-year-less 3-month yield curve continues to go vertical. "un-inverting" is now only 21 bps away.

Yield Curve Inversions Lead Recessions 10-Year less 3-Month Yield Curve



Data Source: Federal Reserve and Bloomberg

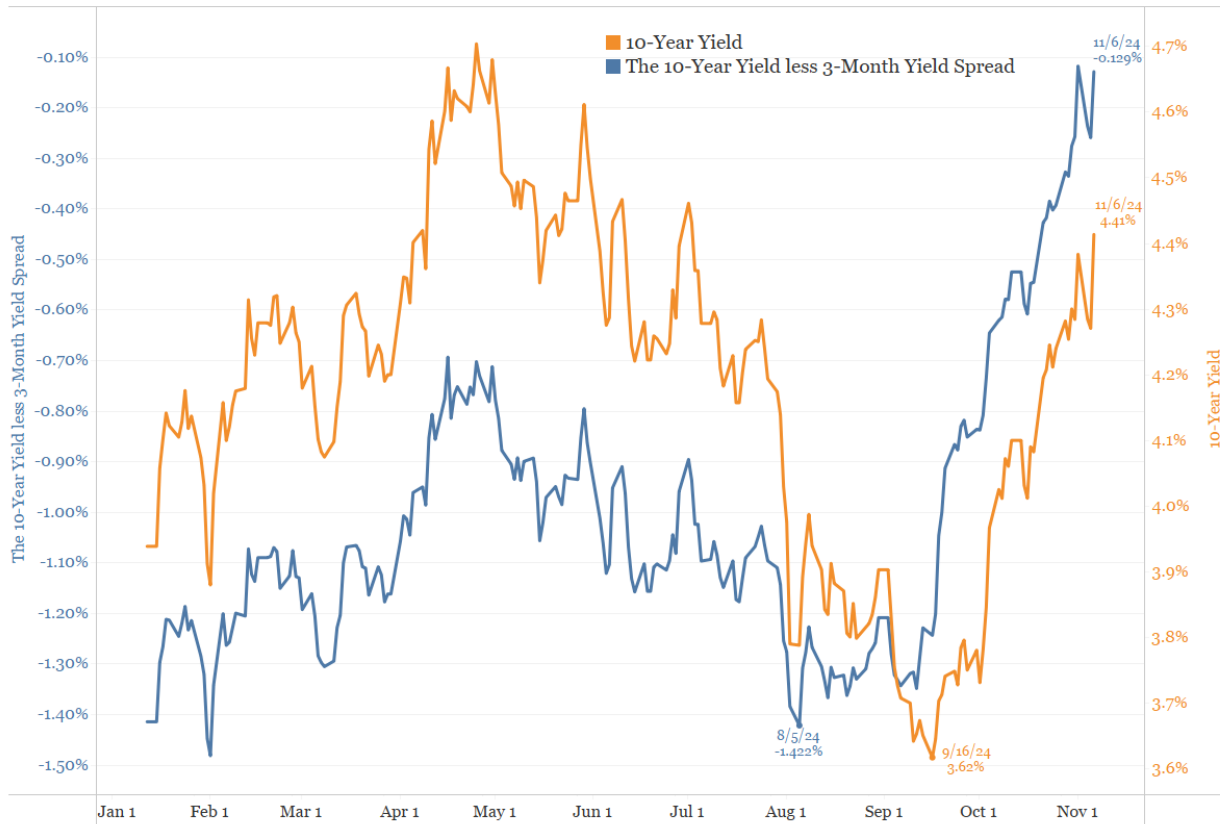
© 2024 Bianco Research, L.L.C. All Rights Reserved
<https://www.biancoresearch.com/>

This un-inversion of the 10-year-less 3-month yield curve is coming at lightning speed.

This curve (blue) was -142 bps three months ago (August 5); it was still -135 bps on September 11, the week before the Fed cut. It is now -13 bps.

Overlaid on this chart is the 10-year yield (orange). It is also going straight up too. So, the curve is un-inverting via a bear steepener. That is steepening (or getting less inverted) with rates rising (bear).

The 10-Year Yield less 3-Month Yield Spread



Data Source: Federal Reserve and Bloomberg

© 2024 Bianco Research, L.L.C. All Rights Reserved
<https://www.biancoresearch.com/>

As this table illustrates, every other un-inversion or the 10-year-less 3-month yield curve has been a **bull steepener**. That is, short rates plummeted faster than long rates to return the yield curve to positive.

This time, however, the coming un-inversion (I'm assuming it will happen) is coming from a **bear steepener**. So, this un-inversion is unique.

How Does The 10-Year Less 3-Month Yield Curve Uninvert?

Bull Steepener (Short Rates Falling Faster Than Long Rates) Has Uninverted All Previous Inversions

Date of Inversion	Date of Max Inversion	Date of Uninversion	How Long?		Change During Uninversion		Bull or Bear Steepener?
			Inverted	To Uninvert	3-Month	10-Year	
1/10/1969	7/23/1969	2/23/1970	409	215	-0.33%	0.44%	Bull
6/14/1973	9/10/1973	9/30/1974	473	385	-2.91%	0.78%	Bull
12/8/1978	3/12/1980	5/13/1980	522	62	-7.32%	-2.49%	Bull
11/7/1980	12/10/1980	3/31/1981	144	111	-4.42%	-0.02%	Bull
6/6/1989	6/9/1989	9/7/1989	93	90	-0.43%	0.05%	Bull
7/31/2000	1/2/2001	2/8/2001	192	37	-0.83%	0.17%	Bull
8/1/2006	3/7/2007	6/11/2007	314	96	-0.36%	0.66%	Bull
6/5/2019	8/28/2019	10/23/2019	140	56	-0.33%	0.28%	Bull
Average			286	132			
11/22/2022	5/3/2023	????	715	????	-0.66%	1.09%	????
Current Yield Curve = -0.12%							

<https://www.biancoresearch.com>

© 2024 Bianco Research, L.L.C. All Rights Reserved

So, what does it mean that the un-inversion is via the bear steepening?

Since we have no historical precedent, we can only guess. My guess is a fear of inflation returning.

Why? The economy is outperforming. Fiscal stimulus is coming via the Trump victory (tax cuts and deregulation), as well as inflation via tariffs. Monetary stimulus via rate cuts is unnecessary, and Powell is set to plow ahead with more of them tomorrow.

So, the un-inversion is the market screaming to Powell to stop! Inflation is the problem, not a weak economy that needs help.

In Other News...

Supply Chain... Is an end in sight for the Red Sea attacks?

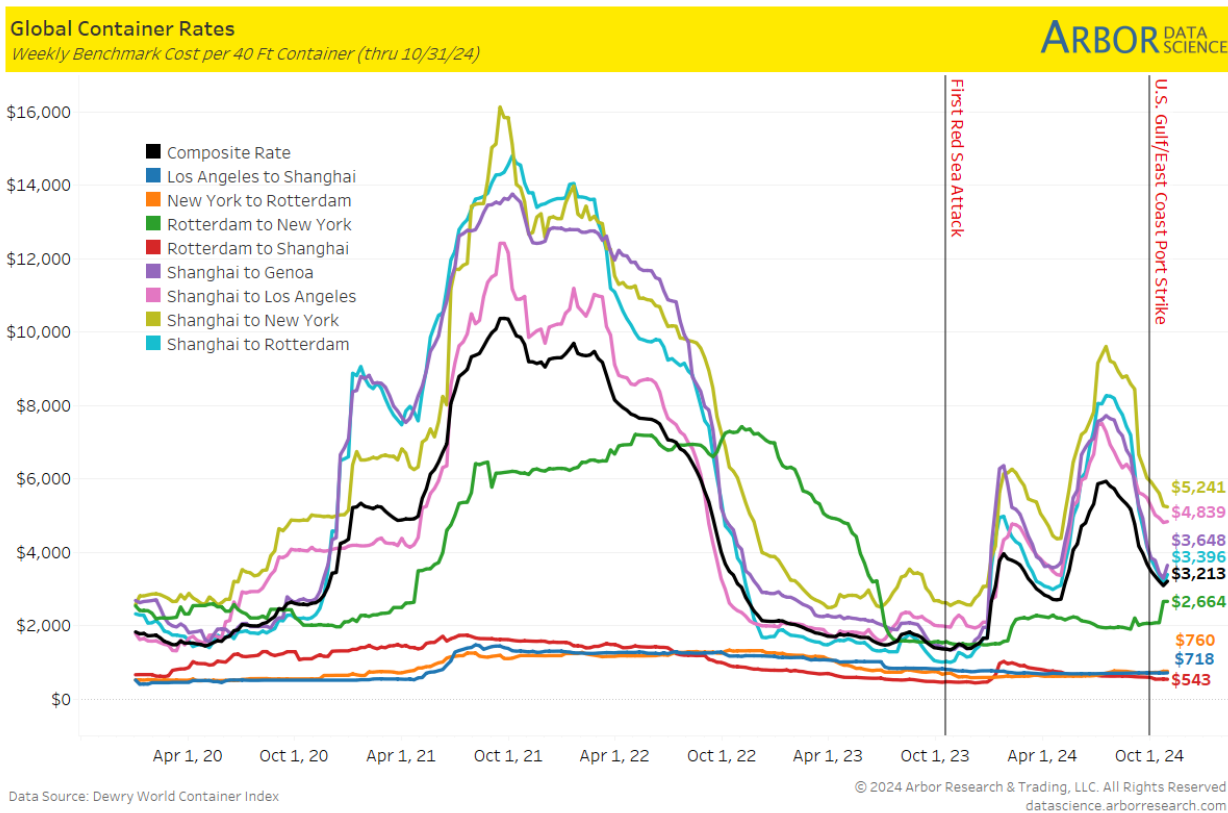
ZeroHedge: [Iran-Backed Houthis Reportedly Declare Ceasefire Shortly After Trump Victory](#)

Reports on X indicate that the rebels have declared a ceasefire, **halting a year of missile and drone strikes** on Western-linked commercial and military vessels across the critical maritime chokepoint in the southern Red Sea.

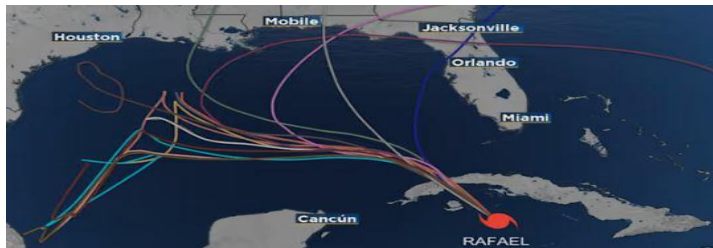
Reuters: [Canada west coast ports shutdown enters second day](#)

The British Columbia ports labor dispute continued on Tuesday, impacting exports at Canada's biggest port in Vancouver with no sign of negotiating progress.

Arbor Data Science:



Another Hurricane?



USA Today: [Rafael upgraded to hurricane; could undergo 'rapid intensification.' Is US at risk?](#)

NBC: [Florida's largest insurance company drops nearly 200K policies](#)

The **state's largest insurance company has just dropped 200,000 policies**, meaning hundreds of thousands of people will be left looking for a new company. Last month, Citizens had 1.2 million customers. Now, they're just over a million.

Upcoming Economic Releases & Fed Speak

- 11/07/2024 at 8:30am EST: Nonfarm Productivity & Unit Labor Costs

- 11/07/2024 at 8:30am EST: Initial Jobless Claims & Continuing Claims
- 11/07/2024 at 10:00am EST: Wholesale Trade Sales MoM & Wholesale Inventories MoM
- 11/07/2024 at 2:00pm EST: **FOMC Rate Decision**
- 11/07/2024 at 2:00pm EST: Fed Interest on Reserve Balances Rate
- 11/07/2024 at 3:00pm EST: Consumer Credit
- 11/08/2024 at 10:00am EST: U. of Mich. Sentiment/Current Conditions/Expectations
- 11/08/2024 at 10:00am EST: U. of Mich. 1 Yr Inflation & U. of Mich. 5-10 Yr Inflation
- 11/08/2024 at 11:00am EST: **Bowman Speaks on Banking Topics**
- 11/08/2024 at 2:30pm EST: **Musalem Gives Pre-Recorded Welcome Remarks**
- 11/12/2024 at 6:00am EST: NFIB Small Business Optimism
- 11/12/2024 at 11:00am EST: NY Fed 1-Yr Inflation Expectations
- 11/12/2024 at 2:00pm EST: Senior Loan Officer opinion Survey on Bank Lending Practices
- 11/12/2024 at 5:00pm EST: **Harker Speaks on Fintech, AI**
- 11/13/2024 at 7:00am EST: MBA Mortgage Applications
- 11/13/2024 at 8:30am EST: Real Avg. Hourly Earnings YoY & Real Avg. Weekly Earnings YoY
- 11/13/2024 at 8:30am EST: CPI MoM & CPI Ex Food and Energy MoM
- 11/13/2024 at 8:30am EST: CPI YoY & CPI Ex Food and Energy YoY
- 11/13/2024 at 8:30am EST: CPI Index NSA & CPI Core Index SA
- 11/13/2024 at 9:45am EST: **Logan Gives Opening Remarks at Energy Conference**
- 11/13/2024 at 1:00pm EST: **Musalem Speaks on Economy, Monetary Policy**
- 11/13/2024 at 1:30pm EST: **Schmid Gives Keynote Remarks at Energy Conference**
- 11/13/2024 at 2:00pm EST: Monthly Budget Statement