

## Bond Yields Remain Elevated as Economy Refuses to Wilt

The two-year Treasury note ended Thursday at a yield of 4.79%, a full percentage point over the closing yield on May 4. There are a number of contributing factors to the sell-off, although unwinding of the post SVB Bank collapse rally, massive Treasury supply and a more hawkish Fed outlook were the most obvious drivers. *Ultimately, the U.S. economy remains too strong.*

Scott McIntyre

The economic calendar was particularly light this week, but the few releases that mattered were again frustratingly solid. On Tuesday, May housing starts unexpectedly jumped +21.7% to a 1.63 million unit annual rate, *the highest in over a year* and well above the median forecast of 1.4 million units. With the May surge, *starts are suddenly up +5.7% year-over-year.*

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