UPDATE: PCE Slightly Higher, But Bonds Are OK With It

- Core M/M PCE
  - 0.2 vs 0.1 f'cast, 0.1 prev
  - (unrounded = 0.182%)
- Core Y/Y PCE
  - 2.6 vs 2.5 f'cast, 2.6 prev
- Incomes
  - 0.2 vs 0.4 f'cast, 0.4 prev
- Outlays
  - 0.3 vs 0.3 f'cast, 0.4 prev

Perhaps it was the relatively low unrounded core m/m PCE figure (0.182 is a lot better than 0.249.... both would appear as "0.2" on the report). Perhaps it was the lower incomes and outlays. Or perhaps it was the fact that yesterday's quarterly numbers adequately prepped traders for the possibility of a slightly higher figure (i.e. it caused some anticipatory weakness). Either way, the bond market is easily shaking off the 0.2 vs 0.1 headline and paradoxically improving.

The move isn't massive and it isn't likely to become so, but simply avoiding losses after a higher-than-expected core PCE reading is a victory.

10s are down 2.6bps at 4.218 and MBS are up 2 ticks (.06).

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