

## The Day Ahead: First Inflation Data of the Week Sets a Hopeful Tone

Although last month's CPI data was well-received by the bond market for coming in below expectations and showing a notable drop in the shelter component, the producer price index was much higher than expected. While bonds were able to look past the headline and ultimately stabilize, it nonetheless raised questions about the risks of choppy inflation readings persisting. Today's PPI release not only revised last month's a bit lower, but also came in significantly lower than expected at the core level. Bonds aren't rushing to trade it as proof positive of a repeat with tomorrow's more important CPI data, but it's certainly not hurting so far this morning.



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