

# MBS & TREASURY MARKETS

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## UPDATE: Core PCE in Line With Expectations. Minimal Reaction

- M/M Core PCE
  - 0.2 vs 0.2 f'cast, 0.2 prev
- Y/Y Core PCE
  - 2.6 vs 2.7 f'cast

Don't look now, but inflation is getting to be "boring" with the past 4 reports calmly playing ball at levels consistent with hitting the 2 percent annual target (today's annual number is only higher due to "base effects" --i.e. higher inflation months in the 12 month calculation).

MBS and Treasuries were flat heading into the data and they're flat on the other side now. 5.0 UMBS are down 1 tick (.03) at 99.5 and 10yr yields are up .6bps at 3.867

### Wayne Tucker

Spectra Mortgage Corporation

[www.spectramortgage.com](http://www.spectramortgage.com)

**P:** (303) 468-1985

**M:** (303) 884-4446

[wtucker@spectramortgage.com](mailto:wtucker@spectramortgage.com)

3900 SWadsworth  
Lakewood CO 80235

NMLS#:298382, Colorado #:  
MLO100009851

Spectra Mortgage Corporation  
NMLS License: 387483

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