

## UPDATE: CPI Right On Target. Bonds Moderately Relieved

- Core CPI M/M
  - 0.3 vs 0.3 f'cast, 0.3 prev
  - (unrounded 0.280)
- Core CPI Y/Y
  - 3.3 vs 3.3 f'cast, 3.3 prev

Bonds are responding favorably to the just-released CPI data, despite the as-expected result. There are two probable reasons:

1. The unrounded core monthly reading was 0.28
2. Without the shelter component, CPI would be at the Fed's target (or close enough, at 2.1% year over year at the core level, and well below target for "all items, less shelter" at 1.3 year over year)

10yr yields were roughly unchanged but are now down 4bps at 4.38.

MBS are up a quick 10 ticks (.31).



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