

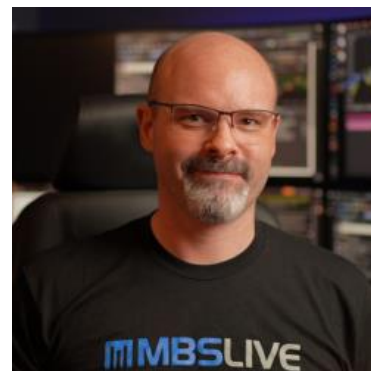
UPDATE: Bonds Losing Some Ground After Jobless Claims and PPI

- Jobless Claims
 - 217k vs 223k f'cast, 221k prev
- Continued Claims
 - 1.873k vs 1.888k f'cast, 1.892k prev
- Core PPI M/M
 - 0.3 vs 0.3 f'cast, 0.2 prev
- Core PPI Y/Y
 - 3.1 vs 3.0 f'cast, 2.8 prev

Bonds were modestly stronger overnight but are losing ground after the data. Continued jobless claims were at the highest level in years last week so the move lower is notable. More importantly, initial claims are showing no signs of a weaker labor market.

The 3.1 vs 3.0 in annual PPI (compared to an as-expected month over month reading) means that unrounded numbers and revisions showed a bit more inflation than expected.

10yr yields are now up 1bp at 4.474 and MBS are down an eighth of a point.



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