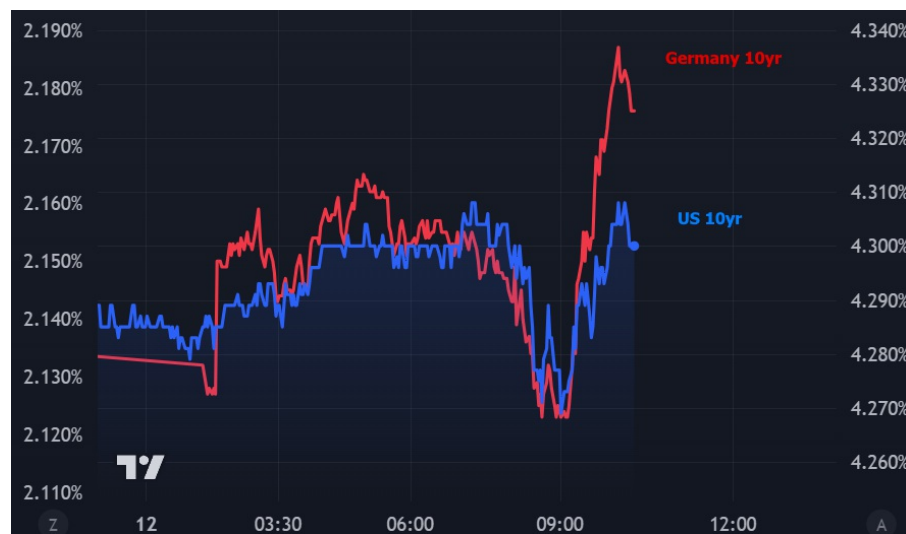


## The Day Ahead: Solid Start Despite Hotter PPI, But Europe Has Other Ideas

This morning's Producer Price Index (PPI) came in hotter than expected in year-over-year terms (3.4 vs 3.2 at the core level). Traders were mostly able to look past that given that the most recent month was in line with forecasts. Jobless Claims data helped facilitate gains between 8:30am and 9am ET, but shortly thereafter, the European bond market began selling off somewhat aggressively in response to today's European Central Bank (ECB) announcement and press conference. The correlation between EU and US yields is clear and it has resulted in US bonds moving back into negative territory.



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There's some context on Jobless Claims as well. Despite being the highest level in more than 8 weeks, it's not necessarily an abnormal seasonal spike. The following chart shows the non-seasonally adjusted data compared to other years. We're right in line with 2019 at the moment, and not far off the post-Thanksgiving week spikes of 2022 or 2023.

# Jobless Claims, Week by Week, Not Seasonally Adjusted

