

## The Day Ahead: Temporary Volatility After As-Expected PCE Data

This morning's PCE inflation data was in line with expectations with the annual core PCE price index coming in at 2.8% and the monthly core coming in at 0.2%. The initial reaction was weaker, possibly because the 0.2% monthly number is not low enough to suggest a quick return to the 2.0% annual target. As traders digested the data, the unrounded numbers were a bit friendlier, prompting a reversal back toward stronger levels. Comments from Fed's Goolsbee helped as well. The initial selling pressure and subsequent bounce back leave bonds at unchanged levels heading into the PM hours. Potential tariff announcements could cause an additional move in either direction depending on timing and details. The start date is now said to be March 1st instead of Feb 1st.



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