



## UPDATE: Bonds Unfazed By Slightly Hotter PCE

- Core PCE M/M
  - 0.365 vs 0.30 f'cast, 0.3 prev
- Core PCE Y/Y
  - 2.8 vs 2.7 f'cast, 2.7 prev
- Annual PCE (non-core)
  - 2.5 vs 2.5 f'cast/prev

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Perhaps it was the fact that core monthly PCE nearly rounded down to the 0.3 forecast, or perhaps it is the steadiness in the overall non-core number (2.5 vs 2.5). Or perhaps some traders were braced for a less friendly result. Either way, there's a modest, paradoxical rally underway following the data.

Bonds were already stronger by about 3bps overnight and they've nearly doubled that move since the data. 10yr yields are down 5.3bps at 4.308 and MBS are up just over an eighth of a point.