

UPDATE: CPI Drops Sharply. Bonds Adding to Overnight Rally

- Core MM CPI
 - 0.1 vs 0.3 f'cast, 0.2 prev
 - unrounded 0.057
- Core YY CPI
 - 2.7 vs 3.0 f'cast, 3.1 prev
- MM Headline CPI
 - -0.1 vs 0.1 f'cast, 0.2 prev

A typical beat/miss in monthly CPI consists of a 0.1 deviation from expectations. 0.2 is less common and is a bittersweet victory for bonds in light of inflation that may be yet to come due to tariffs. That's the concept that explains why bonds aren't experiencing a tremendous rally on this news.

Yields were already lower overnight and have added only modestly to those gains following the data. MBS are up 5 ticks (.16) and 10yr yields are down 5.3bps at 4.300.



Dena Rodriguez

Mortgage Banker, The
Federal Savings Bank

[www.thefederalsavingsbank.com/
denarodriguez](http://www.thefederalsavingsbank.com/denarodriguez)

P: (314) 451-2484

M: (830) 310-4939

[drodriguez@thefederalsavingsban
k.com](mailto:drodriguez@thefederalsavingsbank.com)

1 South 4th Street
Columbia MO 65201
1250387

