UPDATE: Huge Drop in PPI; Don't Expect Fireworks

- Core MM PPI
    - -0.1 vs +0.3 f'cast, 0.1 prev
- Core YY PPI
    - 3.3 vs 3.6 f'cast, 3.4 prev
- Headline MM PPI
    - -0.4 vs 0.2 f'cast, 0.1 prev

Much like yesterday's big beat in CPI, today's PPI is also a relic of a bygone era, unimpacted by incoming tariffs. It's really worth very little to the bond market in this environment, not to mention that PPI is much more volatile that CPI. Last but not least, the PPI components that flow through to PCE were mostly higher, which further renders today's report powerless to help bonds.

In fact, yields are now a hair higher than before the data with 10yr yields up just over a bp at 4.442. MBS are down 2 ticks (0.06).

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