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The Day Ahead: Stock Gains Creating Bond Pain After Flat Response to CPI

Heading into the session, we knew there was a high bar for CPI to have a positive influence on bonds with the future tariff landscape reducing the relevance of current price data, but the results were close enough to consensus that we might not have seen a big reaction anyway. Core CPI rose to 0.237 month over month, versus a 0.3 forecast. Annually, it was 2.8 vs 2.8 and unchanged from last month. Volume spiked modestly and bonds rallied for a few seconds before returning to flat levels. The meaningful movement has taken place after the 9:30am NYSE open with a classic risk-on trade. Friendly tariff headlines from China added to the case just after 10am.



Joseph Moran

President, Home Fast Funding Inc.

www.gethomefast.com
P: (813) 940-7272
jmoran@homefastfunding.com
100 South Ashley Drive
Tampa FL 33612
156840
1639621

