

# MBS & TREASURY MARKETS

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## UPDATE: Inflation Tanks Enough For Bonds to Respond

- Core CPI m/m
  - 0.130 vs 0.3 f'cast, 0.2 prev
- Core CPI y/y
  - 2.8 vs 2.9 f'cast, 2.8 prev

Bonds were modestly weaker in the overnight session but have been willing to move well into positive territory after such a big beat in CPI. In addition to the top line numbers, the important shelter component is down to 0.255. This isn't the lowest reading we've seen during this cycle, but it helps keep a gradual cooling trend intact.

10yr yields are down 3.7bps at 4.439 and MBS are up a quick quarter point.

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