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The Day Ahead: CPI Comes in Low Enough to Help

Heading into today's CPI data, our stance was that we'd need to see the monthly core number come in at 0.1 vs 0.3 in order to see much of a friendly response, and that is exactly what's playing out. If markets weren't taking inflation with a grain of salt at the moment, this would likely be worth a much bigger response. As it stands, Fed Funds Futures didn't even erase the spike seen after last Friday's jobs report, and 10yr yields only dropped to 4.42 before bouncing--well short of the 4.39 pre-NFP levels.



Don Reynolds

President, Sr. Mortgage
Broker, Apex Mortgage
Brokers

ApexMortgageBrokers.com

P: (941) 999-2624

M: (303) 356-5789

donreynolds@me.com

16 Linden Lane
Breckenridge CO 80424

NMLS 1217170
Florida LO53316



