

# MBS & TREASURY MARKETS

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## UPDATE: PCE Inflation Slightly Higher, But No Major Reaction

- Core PCE M/M
  - 0.179 vs 0.1 f'cast
- Core PCE Y/Y
  - 2.7 vs 2.6 f'cast, 2.6 prev
- Inflation adjusted spending
  - -0.1 vs 0.1 f'cast, 0.2 prev

Despite the slightly higher than expected result, bonds have rallied a bit after the data, including Fed Funds Futures. MBS were down almost an eighth and are now down only 2 ticks (.06). 10yr yields were up 4bps and are now up only 2bps at 4.255.



**Bob Balanoff**

Loan Advisor, NEXA  
Mortgage, LLC

[balanoffmortgage.com](http://balanoffmortgage.com)

P: (773) 828-5700

NMLS # 1974234

NEXA Mortgage, LLC NMLS#  
1660690 | 3100 W Ray Roa