

# 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.



Grace Modern Mortgage

[www.gracemodernmortgage.com](http://www.gracemodernmortgage.com)

P: (954) 945-8694

11820 Miramar Parkway  
Miramar Florida 33025

NMLS2347296



Selma Zollman

Loan Officer, Grace Modern Mortgage

[www.gracemodernmortgage.com/szellman](http://www.gracemodernmortgage.com/szellman)

P: (301) 806-0934

M: (301) 806-0934

Szellman@gracemodernmortgage.com

11820 Miramar Parkway  
Miramar FL 33025