

MBS & TREASURY MARKETS

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UPDATE: First Move is Stronger as Core CPI Comes in at 0.2 vs 0.3

- Core MM CPI
 - 0.228 vs 0.3 f'cast, 0.1 prev
- Core YY CPI
 - 2.9 vs 3.0 f'cast, 2.8 prev
- Headline MM CPI
 - 0.3 vs 0.3 f'cast, 0.1 prev

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Although the unrounded number for monthly core CPI was just a little bit warmer than the rounded number, a beat is a beat, and bonds are reacting accordingly.

10yr yields are down 2.9bps at 4.406 and MBS are up an eighth. The details will now be digested. Specifically, core goods are up 0.7% year over year, which is a fairly clear indication of tariff impacts. But the market can look past that if other inflation is falling enough to offset.