

# MBS & TREASURY MARKETS

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## UPDATE: Minimal Reaction to Modestly Higher PCE

- Challenger layoffs (Jul)
  - 62.075K vs prev 47.999K
- Continued Claims (Jul 19)
  - 1.946M vs f'cast 1.960M, prev 1.955M
- Core PCE (m/m) (Jun)
  - 0.3% vs f'cast 0.3%, prev 0.2%
- Core PCE Inflation (y/y) (Jun)
  - 2.8% vs f'cast 2.7%, prev 2.7%
- Employment costs (Q2)
  - 0.9% vs f'cast 0.8%, prev 0.9%
- Inflation-Adjusted Spending (Consumption) (Jun)
  - 0.3% vs f'cast 0.4%, prev 0.0%
- Jobless Claims (Jul 26)
  - 218K vs f'cast 224K, prev 217K
- Personal Income (Jun)
  - 0.3% vs f'cast 0.2%, prev -0.4%

Lots of line items in the data this morning, but not a lot of drama. Monthly Core PCE was on target, but after revisions and rounding, the annual core was 0.1 higher than expected. Bonds are maybe selling just a little, but overnight gains mean we're still in positive territory. In any event, the reaction is not massive and negative, so we'll take it.

MBS are still up just over an eighth and 10yr yields are down 3bps at 4.345.



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