

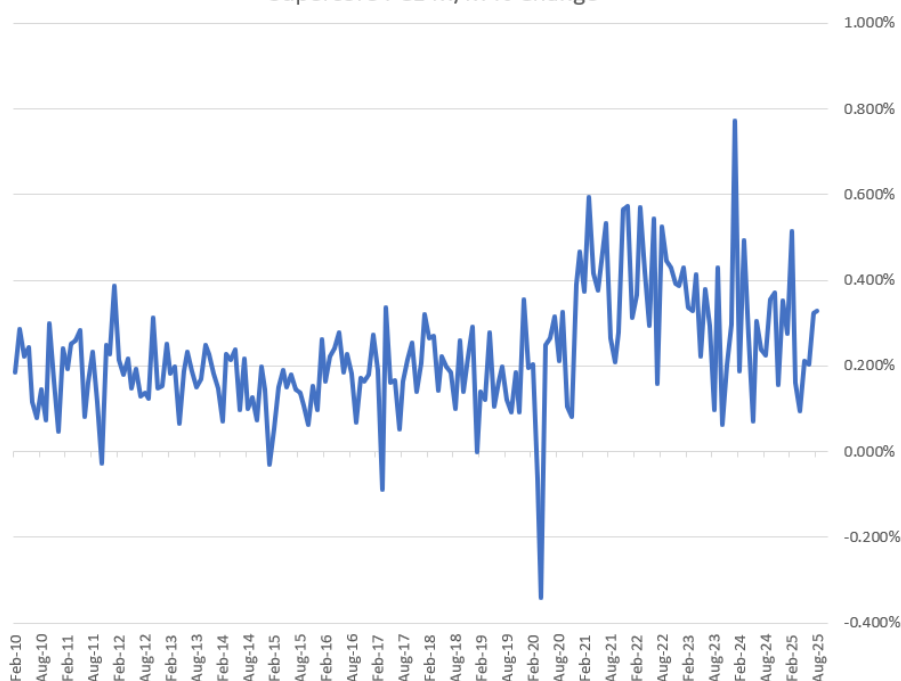
MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Minimal Reaction to PCE Data

PCE may be the most relevant inflation report when it comes to assessing progress toward the Fed's 2% target, but it is not the most relevant report to the bond market. The reporting lag is the key issue. Today's report is for the ancient past (August), and we already got CPI/PPI 2 weeks ago. Additionally, CPI/PPI help forecasters hone in on likely PCE results, so surprises are less likely. Case in point, in both monthly and annual terms, core PCE was right on target. The increasingly popular "supercore" PCE (core services excluding housing) was a hair than last month (.33 vs .32), and it remains elevated in annual terms as a result. If there's a reason that bonds didn't rally on the as-expected headlines, this is it.

Supercore PCE M/M % Change



Jeffrey Chalmers

Senior Loan Officer,
Movement Mortgage
Licensed: CA, FL, MA, ME,
NH, VT

ClicknFinance.com

M: (774) 291-6527

99 Rosewood Dr, Suite 270
Danvers MA 01923

NMLS #76803

NMLS #39179



Ashley Gendreau

Buyer & Listing Expert,
LAER Realty Partners

www.AshleyGendreau.com

P: (603) 685-4495

M: (603) 361-0561

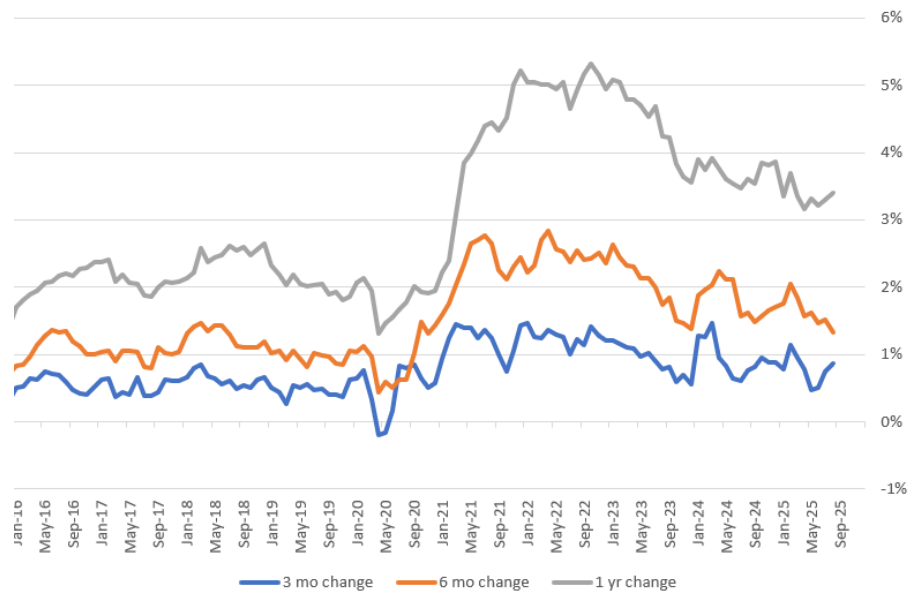
agendreau@laerrealty.com

173 Chelmsford Street
Chelmsford MA 01824

MA License #9579621

NH License #074016

Supercore PCE % change



Supercore PCE 3m Annualized % Change vs Y/Y

