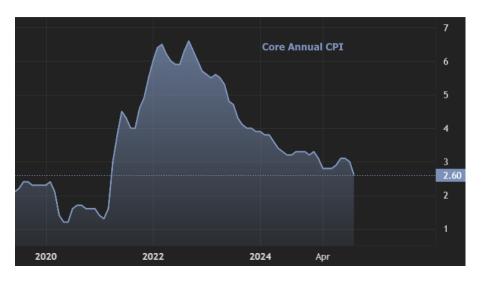
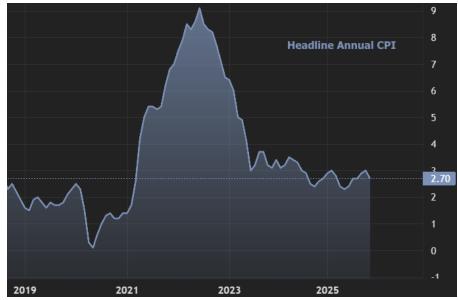
MBS & TREASURY MARKETS

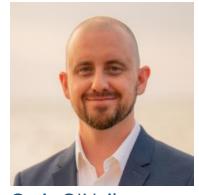
Daily Coverage. Industry Leading Perspective.

The Day Ahead: Big Drop in Annual CPI, But Only a Cautious Rally So Far

Great news for bonds on the inflation front this morning: Core annual inflation came in at 2.6% compared to a 3.0% forecast and 3.0% last time. It's the lowest reading of the cycle and the first attempt to break below the stagnant sideways/elevated levels that have prevented more aggressive Fed rate cuts. Despite those facts, the bond market is only rallying moderately (but certainly rallying). Traders could be skeptical about the thoroughness of post-shutdown data collection, or this could foreshadow year-end bearish biases. Whatever the case, the data itself was better for bonds than anyone could have hoped for (and better than any economist predicted). NOTE: there is no month-over-month data due to the non-existence of October CPI.







Craig O'Neil
Senior Loan Officer, United
American Mortgage Corp
www.oneilteamhomelending.com
P: (858) 243-4442
coneil@uamco.com
2305 Historic Decatur Rd. #100
San Diego CA 92106
NMLS 858644
DRE 01858739



