

# 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.



**Randy Vance**

Founder/CEO, Boss Mortgage, LLC

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

P: (541) 799-2677

M: (541) 280-8294

[randy@bossmortgage.com](mailto:randy@bossmortgage.com)

304 NE 3rd Street

Bend OR 97701

NMLS#1455628 OR, WA, ID, CO,

MT, CA, AZ

Company NMLS 2547821



