



## The Day Ahead: Starting Out Under 4.0% Despite Hotter PPI

We'd already discussed the fact that PPI has fallen by the wayside as a relevant market mover for bonds despite one or two instances of relevance nearly 2 years ago when bonds were desperate for any hints of change. Today's PPI results and the ensuing bond market movement leave no doubt as to the relevance of this data. Spoiler alert: there's basically no relevance at the moment.

The following chart expresses some uncertainty in labeling this morning's small bump in yields as a reaction to PPI. Reasons being: it didn't begin until 8:38am and the volume reaction happened from 8:30-8:34am. Splitting hairs though... Even if that was the reaction, it was small and quickly erased.

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It's also good to remember how volatile PPI is as a series, and how low volatility has been recently in the bigger picture.

