

The Day Ahead: No Whammies in CPI Data (And No Bond Market Reaction)

The median forecast for monthly core CPI was 0.28% (0.3 after rounding up for most econ calendars). Today's actual number was 0.196--obviously quite a bit lower than forecasts. In addition, supercore fell to .179 from .349. Despite those victories, forecasts correctly predicted a sharp rise in headline inflation which moved up from 2.4% to 3.3% year over year. Apparently, it's hard to get excited about buying bonds with headline inflation over 3%, no matter how much one expects it. Yields are actually modestly higher after the data, adding to modest overnight weakness. That said, through 6am, 10yr yields have held in a narrow range that has topped out 2bps below yesterday's highs.



Dan Williams

Executive Vice President

emmloans.com

P: (800) 793-9633 x198

M: (609) 923-9752

1950 Route 70 East, Suite 300
Cherry Hill NJ 08003

