

ALERT: Losing Ground After PPI Data

- Core PPI m/m (Apr)
 - 1.0% vs 0.3% f'cast, 0.1% prev
- Core PPI y/y (Apr)
 - 5.2% vs 4.3% f'cast, 3.8% prev
- PPI m/m (Apr)
 - 1.4% vs 0.5% f'cast, 0.5% prev
- PPI y/y (Apr)
 - 6.0% vs 4.9% f'cast, 4% prev

How about a little early morning alert? It's been a while since bonds reacted this sharply to an 8:30am report, and also since PPI upstaged CPI (even in terms of volume).

The results above speak for themselves. 10yr yields are up a quick 3bps at 4.483 but MBS are only down 2 ticks (.06). The selling is finding some support from the fact that the PPI components that correlate with PCE inflation were a bit softer than last month.



George Moorhead

Designated Broker /
President, Bentley
Properties

www.GeorgeMoorhead.com

P: (425) 747-1901

M: (425) 236-6777

georgem@bentleyproperties.com

14205 SE 36th St
Bellevue WA 98006

Washington RE License 2390