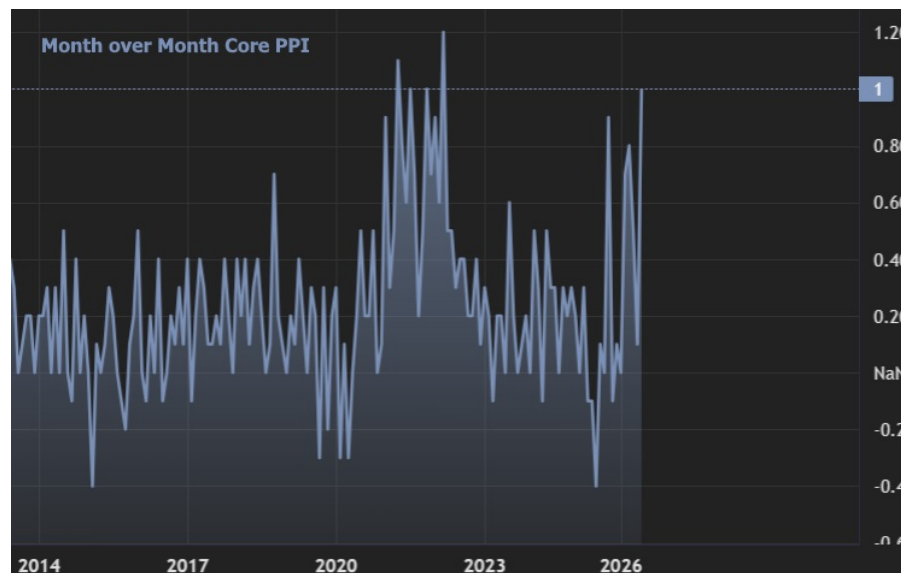


The Day Ahead: PPI Hit Even Harder Than CPI, But Damage is Minimal

The Producer Price Index (PPI) is much more volatile and, on average, much less of a market mover than the Consumer Price Index (CPI), but occasionally, it swings for the fences. Today's release is a clear example with the monthly headline coming in at 1.5 vs 0.5 forecast. In annual terms, headline inflation is a whopping 6.0% versus a 4.9% forecast--up sharply from last month's 4.3% (itself upwardly revised from 4.0%). This is easily the most onerous spike since the pandemic. Even though PPI hit the market harder than CPI, that's not saying much. Bonds are only 2bps weaker at 10am ET--a testament to how little this data tends to matter.



Brian Walters

Vice President, Eagle Bank Mortgage

www.brianwaltershommelending.com

P: (662) 298-8554

M: (901) 438-1901

bwalters@eaglebank.mortgage

210 E Commerce St Suite 3

Hernando MS 38632

NMLS #419389



