

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Strong Start After Sharply Lower CPI

The Consumer Price Index came in FAR below expectations with a core reading of 0.0 vs 0.2 forecasts. In rounded terms, it was -0.17%. Headline CPI was more sharply negative than expected at -0.4 vs a -0.1 forecast. Supercore (which excludes housing) was down -0.2 which is the first negative reading in over a year. Core goods also remained in negative territory for a second straight month. Bonds rallied instantly, led by the short end of the curve (more closely tied to Fed rate expectations). But even 10yr yields are down over 5bps and MBS are up more than 3/8ths of a point.

SUPERCORE M/M



Core Goods



Julee Felsman

SVP of Mortgage Lending,
Rate

rate.com/juleef

P: (503) 799-3711

M: (503) 799-3711

juleef@rate.com

1300 SE Stark St, Ste 111

Portland OR 97214

120831

Rate



