

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Thank You PPI

If nothing else, this morning offers confirmation of just how nervous the market is about inflation. The producer price index barely beat its forecast (in fact y/y CORE PPI was on the screws), but this was enough for bonds to add on to modest overnight gains in a modestly enthusiastic way. We almost never see this much of a reaction to this small of a beat/miss in PPI. The other consideration is that oil has been trending lower since 3am, and bonds stayed almost perfectly flat from 4am-8:30am, but this should only be viewed as a small supporting actor in this morning's rally. Stocks jumped at 9:30am as well, arguably adding evidence that retail stock investors appreciated the inflation message as well.



Northeast Financial LLC

www.northeast-mortgage.com

P: (844) 788-7237

48 Meriden Rd, Suite 1
Middlefield CT 06455

NMLS# 117273



Chris Nielson

President, Northeast
Financial, LLC

www.northeast-mortgage.com

M: (860) 499-4211

cnielson@northeast-mortgage.com

NMLS# 1055228