# The Day Ahead: Sharply Weaker Again. Half Oil. Half PPI

It's been a rough couple of days for the bond market. Yesterday, it was Bessent and the reaction to the Treasury buyback announcement. Today it is an overnight surge in oil prices and a lackluster reaction to the Producer Price Index (PPI). PPI doesn't tend to move markets as much as CPI (due out tomorrow), but it certainly can for two reasons: on the rare occasions when it is released before CPI and when its components suggest an increase in PCE inflation. In other words, parts of the PPI data have a bearing on PCE and PCE is ultimately what matters most. The market doesn't always trade it that way because PPI/CPI reveal so much about PCE that PCE is less of a surprise by the time it comes out. About half of this morning's weakness was in place before PPI due to the overnight oil price spike. Bonds are showing their first indication that they might try to find their footing with 10yr yields around 4.92, but we're not counting chickens yet.

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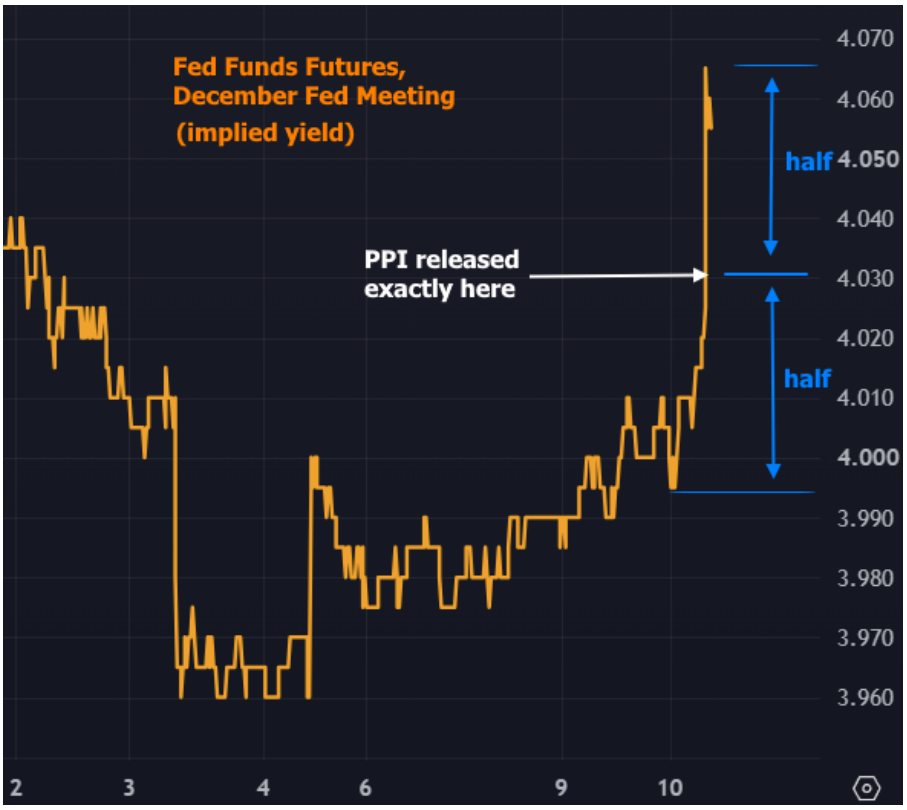

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