Bonds Hold The Range Despite More Data-Driven Volatility

Market Summary: Thursday, August 14, 2025 - 4:01PM

At 0.9, not only did today's PPI crush the 0.2 forecast, but it's also the highest reading since post-covid hyper-inflation by a wide margin. And while there's always a chance it will be revised to something less alarming next month, it was enough to do noticeable damage to bonds today. Before the data, 10yr yields were knocking on the yield floor at 4.20%. This afternoon, they're up closer to 4.30%. Things could have been even worse if not for the fact that the PCE components in the PPI data suggested a much less onerous impact on the PCE data that will come out in 2 weeks. Nonetheless, it will be enough to keep eyebrows raised regarding the extent to which tariffs are hindering a return to the 2% inflation target (something that will unfortunately be up in the air for many months).

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