

# Like The Last CPI Never Even Happened

By: Matthew Graham | Wed, May 15 2024, 3:04 PM

The much anticipated CPI data was perfectly in line with expectations of 0.3% month over month at the core level. That's a far cry from the 0.17% needed to sustain a 2.0% annual inflation target on average, but by avoiding another upside surprise, it was enough for bond traders today. It also surely didn't hurt that Retail Sales (which had added insult to injury last month) came in much lower than forecast (0.0 vs 0.4) with last month's stellar 0.7% reading also being revised down to 0.6. Bonds rallied sharply at first, and then gradually into the afternoon. As if by magic, 10yr yields hit the 3pm close at the same levels seen before the April 10th CPI data... like it never even happened...

## Econ Data / Events

- - Core Month Over Month CPI
    - 0.3 vs 0.3 fcast, 0.4 prev
  - Core Annual CPI
    - 3.6 vs 3.6 fcast, 3.8 prev
  - Retail Sales
    - 0.0 vs 0.4 fcast, 0.6 prev

## Market Movement Recap

08:39 AM	Stronger after data with 10yr down 6bps at 4.38 and MBS up nearly 3/8ths
10:53 AM	Remarkably calm in new, stronger range. 10yr down 6.5bps at 4.374. MBS up 10 ticks (.31).
01:01 PM	Steady gains since 10am. MBS up 14 ticks (.44) and 10yr down 9.4bps at 4.345.
03:01 PM	Still fairly flat, just off the best levels. MBS up 3/8ths and 10yr yields down 8.8bps at 4.351

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