

Decent Recovery After Friday's PCE Numbers Clarify Thursday's PCE Numbers

By: Matthew Graham | Fri, Apr 26 2024, 5:21 PM

Thursday's quarterly PCE numbers were much higher than expected. That meant an increased risk that Friday's monthly numbers would follow suit. While today's PCE was higher than expected in places, the important month-over-month core PCE was in line with expectations (but only because last month was revised higher). In short, inflation is still higher than the Fed wants it and higher than the market expected, but not quite as high as yesterday's report suggested—at least not for the month of March (Jan and Feb, however, were even higher than the market previously traded). There was a moderately good rally after the data and then a sideways grind in the PM hours with yields remaining higher than they were before all this fun began on Thursday morning.

Econ Data / Events

- - Monthly Core PCE
 - 0.3 vs 0.3 fcast, 0.3 prev
 - Annual Core PCE
 - 2.8 vs 2.6 fcast, 2.8 prev

Market Movement Recap

09:00 AM	A hair stronger overnight with additional gains after PCE data. MBS up 6 ticks (.19) and 10yr down 4.5bps at 4.66.
11:08 AM	Best levels of the day. MBS up 9 ticks (.28) and 10yr down 4.1bps at 4.662.
01:53 PM	Off the best levels, but very calm trading. MBS up a quarter point. 10yr down 3.1bps at 4.673
05:16 PM	Out like a sideways little lamb. MBS up 10 ticks (.31). 10yr down 3.9 bps at 4.665

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