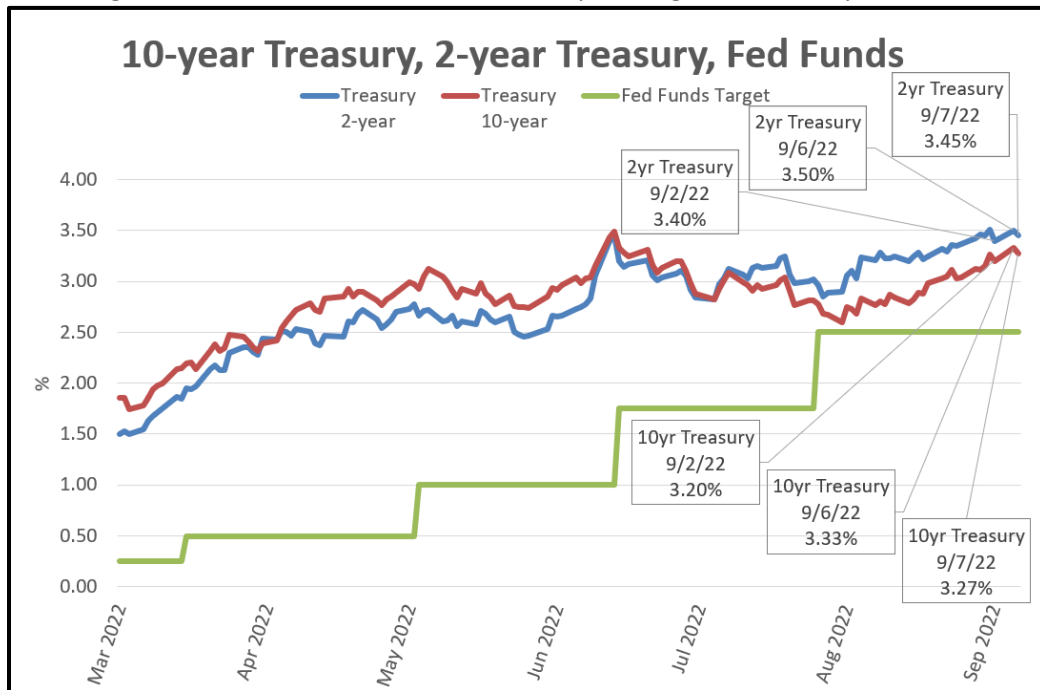


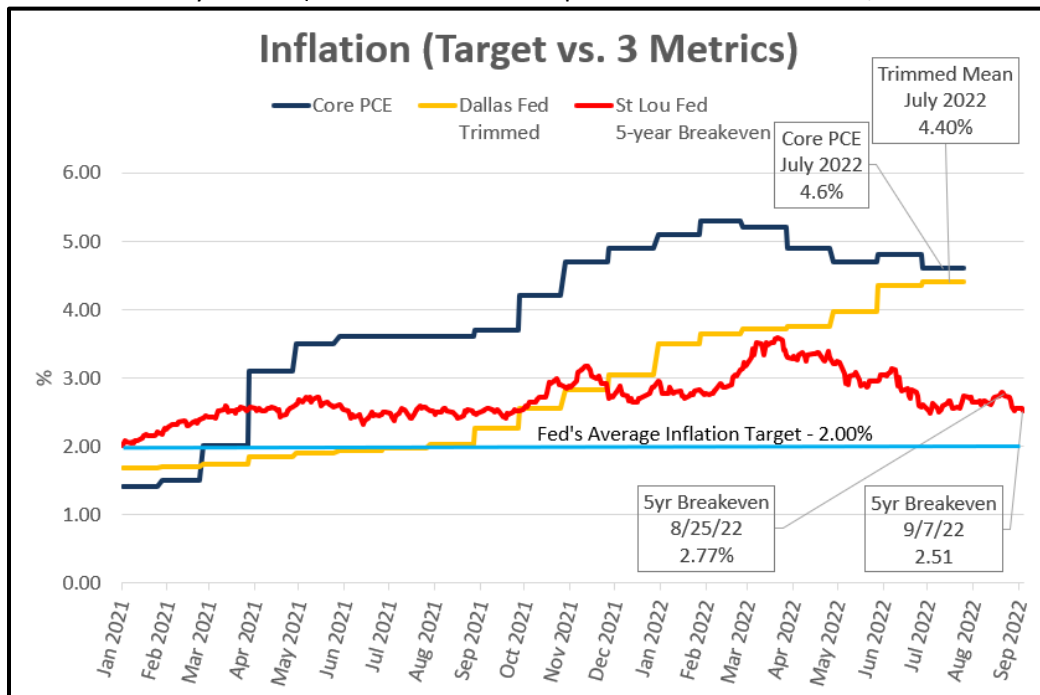
2-year & 10-year Treasury, Fed Funds

- 2-year Treasury – decreased 5bps.
- 10-year Treasury – decreased 6bps.
- Although Lael Brainard talked tough about inflation in a speech today, saying: “we are in this for as long as it takes to get inflation down.” The market is likely waiting on Powell’s speech tomorrow.



Inflation

- Dallas Fed’s Trimmed Mean for July: 4.40%. (Metric trims off the lower & upper data spikes.)
- St Lou Fed 5yr Breakeven Inflation Rate: 2.51%. (Breakeven is the yield on Treasury minus yield on TIPS.)
- Core PCE for July: 4.6%. (Core PCE is the Fed’s preferred inflation metric, excludes food/energy.)



DAILY TRENDS – In Perspective: “Right. And this question really gets to the fact that any asset price or bond yield or equity price or something like that, reflects a lot of different conditions. It reflects where people expect the economy to go, where they expect interest rates to go. And also, the amount of risk that they associate with those or uncertainty around those. So, it is harder to just look at one asset price or another and say, well, this must mean that or must mean something else.” --- John Williams, 8/30/22

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