

Inflation Relief Nudges Yields Lower

Both bonds and equities are rallying in early trading after the Fed's preferred inflation measure indicated prices edged lower last month. The headline personal consumption expenditures (PCE) index was *unchanged* in May following +0.3% increases in each of the previous three months. Falling gasoline prices and just a slight increase in the cost of food drove the overall decline. Core PCE, which excludes food and energy prices, slowed to +0.1% (0.08%) in May, also following three months of +0.3% gains.

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