

Markets Rally as Inflation Meets Expectations

Headline consumer inflation reached a fresh four-decade high in March, prompting an odd rally in both stocks and bonds. *The explanation was simply that it wasn't any worse than expected.* The bar is pretty low at this point.

The overall consumer inflation index (CPI) was up +1.2% in March, exactly matching the median forecast, while core CPI rose +0.3%, below the expected +0.5%. On a year-over-year basis, overall CPI was increasing at a 43-year high of +8.5% last month, while core CPI is now rising at a +6.5% pace, the highest in 40 years. *The whisper numbers were higher.*

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