

## FS Insight's Tom Lee: Soft CPI Print Repeatable, Could Help Yields Ease, According to Tom Lee

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December CPI data came in soft on Wednesday morning, sending yields lower and stocks higher.

Speaking with Scott Wapner on CNBC's *Closing Bell* later in the day, Fundstrat Head of Research Lee said that to him, the reaction to the CPI data looked like one of relief, suspecting that "markets had been whispering about a really hot CPI print." As implied by Fed Funds futures trading, odds of a coming Fed hike even rose above the 30% level before CPI was released, albeit temporarily.

Lee had predicted earlier in the week that yields could ease off their recent highs on Wednesday and boost stocks. The softening of yields is good news for stock investors, Lee reminded us. "It's important for yields to go lower."

That prompted the question: What if they don't?

Lee's response: "This wouldn't kill equities, but it would test the market's resolve. It's going to be hard for someone to be pounding the table on stocks if they think yields are stuck at close 5% for the next six months"

Looking forward, Lee suspects that we're in for more dovish inflation prints over the next three months, "a lot lower than we saw in November and October."

As for JPMorgan, a name that made Lee's list of top ideas even before the bank reported blockbuster quarterly results, Lee had this to say: JPMorgan is "one of the best executing banks." Lee suggested that the bank's recent outsized spending on technology should help its multiple expand, and he also noted that "banks in general never caught up after the GFC, so to me there's going to be a multiyear period where banks are going to do well."

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