

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Japan? Something Else? Does it Matter?

Last week's overseas headlines raised questions about a spillover from volatility in the Japanese bond market to US yields. At issue: attention-grabbing newswires regarding a surge in long-term Japanese yields. Now today, overnight headlines made for a decisive correction in Japanese yields--one that's being credited for opening strength in Treasuries. Is it warranted? Maybe... Whether it is or isn't, the movement in Treasuries is insignificant by comparison. Yields continue operating in the same range, although they are now arguably exiting the prevailing uptrend of the past few weeks.



As for the Japan effect, here's the case being made for today:



That looks pretty compelling, but if we zoom out, we can see the much larger movements in JGBs (Japanese government bonds) having absolutely zero correlation with Treasuries.



April Palacios

Branch Sales Manager,
Fairway Independent
Mortgage Corporation

P: (980) 290-4140

M: (704) 989-2961

6431 Old Monroe Rd, Suite 201
Indian Trail North Carolina 28079
124941



Jennifer Buenau

Broker/REALTOR, Untied
Real Estate Queen City

<https://youknowbuenau.com/>

M: (845) 800-5878

jennybsellsthecarolinas@gmail.com

7880 Idlewild Rd
Indian Trail NC 28079-____





Bottom line: we'd take the Japan effect with a grain of salt--especially on a holiday-shortened week.