

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Slightly Weaker. No, It's Not Japan

There was a fair amount of momentum among financial news sources regarding the potential significance of last night's Bank of Japan (BOJ) announcement to the U.S. bond market. While it was clearly relevant for Japan, it's hard to make the case that it had any impact on overnight Treasury trading. It's always worth remembering that Japan's biggest impacts on the U.S. bond market are driven by the Ministry of Finance (MOF) and not the BOJ. In any event, today's chart shows the relative movement in USD/Yen (the easiest place to see BOJ impacts) and Treasuries. 10yr yields were perfectly flat for an hour after the initial announcement. More strikingly, yields were a hair lower from 1:30am to 3:00am when \$/Y was surging during the press conference.

(NOTE: the y-axes of the chart were set based on the highs and lows of the previous day in order to highlight the BOJ impact)



Tan & Samantha Tunador

VP | Sr Loan Officer Team,
Atlantic Coast Mortgage, LLC

www.TheTunadorGroup.com

P: (703) 919-5875

M: (703) 328-0628

tan@acmllc.com

20365 Exchange Street
Ashburn Virginia 20147

NMLS ID 1166669

NMLS ID 2408374

