

The Day Ahead: Central Banks Cite Oil to Steal Spotlight From Oil

In the space of 2 days, central banks have completely stolen the spotlight from energy prices, but they have relied on energy prices to do so. More simply put, markets had been following oil prices until this week's central bank announcements. At that point, central banks cited energy prices as a reason for bigger upside inflation risk, vanishing rate cut prospects, and in some European cases, increasing prospects for rate hikes. Even Fed Funds Futures in the U.S. are pricing in a 10% chance of a hike at the next meeting as of this morning. This coordinated pivot is reminiscent of other big central bank pivots in the past. Thankfully, this one is heavily dependent on something that can be changed much more quickly than things could change in 2020-2021, but chatter is already increasing regarding the lasting inflation momentum of the current episode, even if the war ends today.

Bonds breaking away from oil:



Just as bad, if not worse, in the U.K.:



Randy Vance

Founder/CEO, Boss Mortgage, LLC

www.bossmortgage.com

P: (541) 280-8294

M: (541) 280-8294

randy@bossmortgage.com

304 NE 3rd Street
Bend OR 97701

NMLS#1455628 OR, WA, ID, CO,
MT, CA, AZ
Company NMLS 2547821



