

# MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

## The Day Ahead: Bonds Mostly Finding Their Own Buyers

There are three distinct reasons that could account for bonds paradoxically rallying overnight despite oil prices remaining high and an absence of meaningful de-escalation in the Iran war.



The most notable development has been the correction in Fed Funds Futures that began on Friday morning and extended modestly into this morning.



**Jason R. Richardson**

Gold Star Mortgage  
Financial Group

[RichardsonLending.com](http://RichardsonLending.com)

**P:** (310) 810-3545

**M:** (661) 857-2202

[jasonr@goldstarfinancial.com](mailto:jasonr@goldstarfinancial.com)

2350 Green Road Suite 100B

Ann Arbor MI 4810-4810

NMLS#256859

**Gold Star**  
**Mortgage**





Less objectively quantifiable but still likely enough for us to call it out last week was pre-weekend positioning. Specifically, it has made good sense for bonds to be defensive heading into a weekend and recover on Monday if there was no major escalation. Last but not least, it's March 30th, so we'd always need to consider month-end positioning could be creating some of its own momentum for bonds. The net effect is a 3/8ths gain in MBS and a 7bp drop in 10yr yields (currently just under 4.37). Much like last week, this is a nice little recovery on a Monday, but by no means evidence of a broader reversal.

