

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: War Headlines Help Bond Recovery Continue

The focal point of the overnight news cycle was a report that administration officials said Trump is willing to end the war even if the Strait of Hormuz remains closed. Markets rallied nearly as much just before the open when Trump said the hard part is essentially done on the Iran war (and that other countries should just go take their own oil now, or buy it from the U.S.). The initial move took yields from 4.36 to 4.33 and the pre-open rally was 4.34 to 4.30--"moderate," but notable as it is happening on the day after an already big rally. War headlines remain in focus despite econ data ramping up. If 10am ET job openings data is spicy enough, it could command some attention given that the "recession fear" trade is thought to be the key reason that bond yields defied higher oil prices yesterday.

Today's charts highlight the correlation that continues to exist between bonds and oil price volatility in the short term, and the absence of that correlation over certain, longer time frames. In other words, markets are still paying attention, but the bonds do indeed look increasingly cognizant of growth impacts.



Steven Fishman

President, Buckeye Lending Solutions, Inc.

Buckeyelends.com

P: (239) 980-7588

M: (440) 773-9941

9990 Coconut Rd # 257

Bonita Springs Ohio / Florida

34135

Company NMLS#1838265 LO

NMLS#9362 OH LO.012547.001



