

The Day Ahead: Bonds Only Modestly Weaker After New Escalation Over The Weekend

Heading into the weekend, all indications were about as promising as they have been that the war was heading toward a peaceful conclusion. This was reflected in oil prices and Treasury yields being at multi-week lows (and stocks at all-time highs). But over the weekend, the U.S. fired on and seized an Iranian ship, and Iran said it was cancelling plans to re-open the Strait of Hormuz. Oil prices retraced almost all of Friday's drop on the news and bonds erased more than half of the associated gains. But both began bouncing back slowly in overnight trading. Bonds are now moving back into positive territory on recent headlines that suggest peace talks are back on.



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