The Day Ahead: Hurrying Up And Waiting

As a testament to just how confident the market is/was that neither side is overly interested in escalating the Iran war, Tuesday night's ceasefire deadline has come and gone with surprisingly little fanfare. Yes, the ceasefire was technically extended, but the more relevant point is that oil prices have traded inside a 4 dollar range that covered both the bullish and bearish potential outcomes. We've been saying for several weeks that the next big move for the bond market will be reserved for a truly momentous development such as the complete end of hostilities/blockades or a massive escalation into full-blown war. As it stands, it's a waiting game as Friday is now the earliest window for a potential resumption of peace talks.

There's a good case to be made for the market's lower levels of apparent concern relative to earlier in the war. Simply put, oil prices are not threatening to cross some of the scarier lines in the sand seen in March. The chart below (which uses the 2nd delivery month futures contract to tone down the volatility a bit) shows the scariest line. In addition, it's worth noting that current prices are merely in the middle of an uptrend that's been intact a majority of the time since 2015.   In other words, these levels just aren't alarming enough for genuine market panic.

The consolidation in bonds mirrors the cooling in oil prices.

Grace Modern Mortgage
www.gracemodernmortgage.com
P: (954) 945-8694
11820 Miramar Parkway
Miramar Florida 33025
NMLS 2347296

Selma Zollman
Loan Officer, Grace Modern Mortgage
www.gracemodernmortgage.com/szollman
P: (301) 806-0934
M: (301) 806-0934
Szollman@gracemodernmortgage.com
11820 Miramar Parkway
Miramar FL 33025


10 Year Treasury
O4.267 H4.289 L4.262 C4.277
clearly consolidating
(for now)
4.500
4.400
4.300
4.200
4.100
4.000
3.900
Feb 26
Mar 26
Mar 26
Apr 26