

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Weaker Start. Bonds Not Recovering With Oil So Far

The overnight and early domestic trading hours have brought a mix of familiar and unfamiliar patterns. Up until roughly 8:30am, we saw a very familiar correlation between oil prices and bond yields. Both spiked at 6am following reports that 2 Iranian missiles hit a U.S. warship. Those reports were subsequently denied and oil prices made a full recovery. The unfamiliar pattern involves bonds breaking ranks with oil to move noticeably higher at 9:20am. There are no obvious explanations in the news or on the data calendar. That basically leaves conjecture. Given the timing, one possibility is that traders wanted to free up cash to "play" in equities markets during peak earnings season. This could also be driven by structural shifts in response to budget concerns. Either way, yields are very close to last Wednesday's highs (the highest since March 27th).



Sylvia Sanders

Loan Officer, C2 Financial |
Military Lending Pros | The
Sanders Team

www.sylviasanders.com

P: (760) 429-4470

M: (760) 429-4470

sylvia@sylviasanders.com

12230 El Camino Real #100
San Diego CA 92130

NMLS#633013 | CADRE

02094109 | AZ MLO Lic 094848

NMLS#135622 | CADRE

01821025 | FLOFR # MLD2635



10 Year Treasury

O4.404 H4.426 L4.388 C4.417

