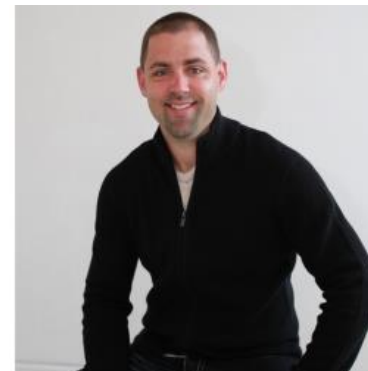


## The Day Ahead: Early Gains And Losses on Conflicting War Headlines

Bonds began the overnight session by drifting somewhat higher in yield. The 10yr hit 4.63 before recovering modestly just before domestic trading began. Yields were still slightly higher at 7:30am but moved lower after headlines cited rumors that the U.S. agreed to lift Iran's oil sanctions. Subsequent headlines cited a revised counter-proposal from Iran in which it would accept a long-term freeze of its nuclear program in exchange for a truce and gradual reopening of the Strait of Hormuz. Bonds rallied on both those newswires with 10s making it below 4.57. They're since reversed course on a 3rd set of newswires citing Iran's negotiators as saying U.S. demand remain excessive despite the changes in the draft proposal.

The chart below shows all 3 sets of newswires and the corresponding movement in oil/bonds with strong correlation.



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