

The Day Ahead: Re-Coupling and Range Consolidation

Yesterday's most interesting development was the visible decoupling of bond yields with oil prices. To a lesser extent, one could also lament that mid-morning stock selling failed to benefit bonds, but that's far from a regular correlation these days. In fact, the stock/bond correlation is often reversed when the market is adjusting Fed rate expectations. Today's trading session has seen some re-coupling with yields/oil/stocks all falling together. Some of the bond-specific weakness could have been driven by the official launch of SpaceX's big corporate bond, and there's been a heavy slate of corporate issuance in June so far in general.

Exhibit 1: A big jump in supply so far in June

In 2026, the June 1st through 16th supply was 11% of the total over the prior five months, which is three standard deviations higher than the 4.6% average since 2010.



Source: BofA Global Research



Sean Thomas

Owner, JV Mortgage LLC

www.jvmortgage.com

P: 2104645900

M: 2104645900

3309 Thomas Ave
Berkley MI 48072
1892970



We can also expect random tradeflows in multiple market sectors simply due to it being late June and money managers being required to buy/sell in order to rebalance portfolios to account for recent market movement. Despite all of the above, bonds are trading in a boring consolidation pattern with this morning's little rally adhering to a descending ceiling.

