

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Only Modestly Weaker After Trump Says Ceasefire is Over

Iran-related headlines have jumped back to the realm of relevance this week and Wednesday morning's overnight session kicked things up another notch. Trump declared the ceasefire to be over and is currently saying peace deal negotiations may not even continue. Markets definitely reacted with oil and Treasury yields spiking overnight. The interesting part is the magnitude of the spike. It was roughly 4bps in terms of 10yr yields and almost half those losses were recovered over the following 2 hours. Oil prices rose roughly \$3 and have dropped almost \$2 since the initial spike. Bottom line: markets are trading the news, but with a grain of salt.



A longer-term chart puts recent moves in perspective.



Kevin Francis

Senior Loan Officer, The Francis Team Powered by Edge Home Finance

www.FrancisMortgage.com

P: (970) 213-1372

M: (970) 213-1372

kevin@francismortgage.com

Headquarters

Minnetonka MN 55345

NMLS ID#265571, CO LMB

#10031320, MA #265571

NC #I-235065, VT#265571





The day's only meaningful calendar event is the 2pm release of the minutes from the last Fed meeting. Markets are curious to see "what's different" with this being Warsh's first meeting. At the very least, it would be hard for Fed minutes NOT to convey forward guidance as a side effect of normal Fed policy discussion.