The Day Ahead: Weekend Weakness And Another Showdown With a Technical Ceiling

Bonds are weaker to start the new week and the catalyst is simple. The U.S. ramped up air strikes in Iran, both in terms of number and distance inland. Iran responded by hitting various allied targets. Perhaps more importantly for financial markets, shipping traffic has returned back to war-time lows after a noticeable surge in the 2nd half of June. Oil prices launched higher overnight and bond yields followed.

Still, the market doesn't view these punches and counterpunches as a sign of perpetual war, but rather a negotiation strategy--at least for now. Were it otherwise, we'd be seeing oil prices jump a lot more than they did, and 10yr yields wouldn't be successfully bouncing at the 4.59 ceiling.

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120.00
110.00
100.00
90.00
80.00
70.00
60.00
4.700%
4.600%
4.500%
4.400%
4.300%
4.200%
4.100%
4.000%
3.900%
overnight
move
Feb
Mar
Apr
May
Jun
Jul


4.59
10yr yield
4.600%
4.590%
4.580%
4.570%
4.560%
4.550%
4.540%
4.530%
4.520%
4.510%
4.500%
4.490%
4.480%
4.470%
4.460%
8
9
10
12
14