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The Day Ahead: Bonds Picking Up Some Safe-Haven Demand

In a month where bonds have made a visible reconnection with fuel prices thanks to the Iran war resurgence, there have been several notable departures in the correlation. Today is the latest example. If we're splitting hairs, we can still observe yields and fuel prices generally moving in the same direction overnight, but when fuel prices surged between 4am and 9am, bonds didn't really follow.



One of the only ways to reconcile that phenomenon is via the fairly brisk selling in equities.



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S&P futures have repeatedly bumped into resistance around 7630. Thursday was the latest failure to break that ceiling.



Tech-focused stocks are doing even worse and are set to open below their multi-month consolidation/pennant formation.



Investors are clearly thinking about capital preservation in the short term rather than buying dips in the stock market. This could all turn on a dime, of course, but until it does, bonds are picking up some of the scraps.