The Day Ahead: No Major Data Leaves Bonds to Trade on Vibes

You've seen the "good vibes only" t-shirt perhaps? Bond traders left theirs at home this morning. That's unfortunate as there isn't much beyond vibes to set the tone this week. Over the weekend, bad vibes came courtesy of another round of escalation in the Iran war. Additionally, the safe-haven buying that helped bonds on Friday has reversed course somewhat as stocks find their footing. At 7:30am, news of a proposed 10-day ceasefire caused yields and fuel prices to drop quickly but not excessively. 30 minutes later, the move was reversed after Houthis declared a naval blockade against Saudi Arabia. 10yr yields are starting out several bps higher and MBS are down about an eighth. On the bright side, there's still quite a bit of room for yields to find a supportive ceiling between current levels and recent highs.

And if we instead use the gloomier approach via the 9 month uptrend in yields, there's even more room to rally back toward the lower end of this trend channel.

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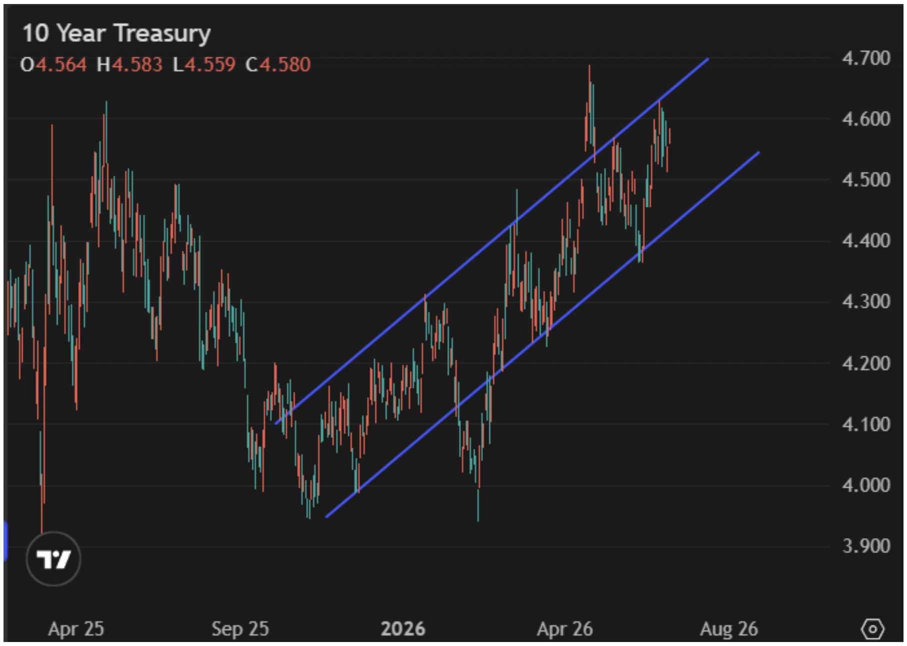
10 Year Treasury
O4.564 H4.583 L4.559 C4.580
4.700
4.600
4.500
4.400
4.300
4.200
4.100
4.000
3.900
Apr 25
Sep 25
2026
Apr 26
Aug 26