

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

The Day Ahead: Just a Bit Weaker as Oil Keeps Rising

For those not interested in overcomplicating things, it's fair enough to simply observe the resurgence of hostilities in the Iran war prompting a resurgence of fuel prices and bond selling due to inflation expectations. Earnings season in equities has added to volatility in the 9:30am-10am hour on each of the past 2 mornings. We seem to be breaking from that trend today, but stock/bond volatility could easily return for better or worse. Last but not least, there are ultra-big-picture strategic considerations that may be having an impact at a glacial pace in the background. The latest example would be Jamie Dimon saying he wouldn't buy long bonds given the risks posed by an unsustainable fiscal path. But that is a small consideration that may only be adding modest yield curve steepening. December Fed Funds Futures suggest the market is truly repricing inflation risks after getting too excited about last week's CPI/PPI.



Jonathan McDowell

Senior Vice President -
Mortgage Loan Officer,
Southern Fidelity Mortgage
Group

www.sfmghuntsville.com

P: (256) 690-2436

M: (256) 690-2436

jonathan@sfmghuntsville.com

2650 Leeman Ferry Rd STE E

Huntsville AL 35801

NMLS594853



