

MBS & TREASURY MARKETS

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The Day Ahead: Month-End Trading Taking a Toll

Bonds were actually a hair stronger at the open, but quickly tanked just after 8am. The nature of said tankage is strongly suggestive of month-end positioning. While it's true oil prices are higher than Friday, the spike in bond yields didn't correlate in a manner typically consistent with oil being the driver. Also, there is a relatively sharp move underway in the yield curve (i.e. 2yr yields remain unchanged while 10yr yields are 5+ bps higher). Heavy curve trading in the absence of obvious catalysts and related market correlation all but confirm "month-end trading" (unless there's a huge [corporate bond](#) announcement that we missed).



Steven Fishman

President, Buckeye Lending Solutions, Inc.

Buckeyelends.com

P: (239) 980-7588

M: (440) 773-9941

steve@buckeyelends.com

9990 Coconut Rd # 257
Bonita Springs Ohio / Florida
34135

Company NMLS#1838265 LO
NMLS#9362 OH LO.012547.001



