The Day Ahead: Stronger Start as Oil Continues Lower

While the Fed may have requested a majority of the market's attention last week, oil prices were saying "ahem... over here." Now this morning, the post-Fed trade is even farther in the rearview and oil is offering even louder reminders with the price per barrel now under $93 after cresting $106 last Tuesday. There is no big-ticket econ data on tap all week, and especially not today or tomorrow. Multiple Fed officials are speaking, but we're not sure what they could say that would tell us any more than last week's announcement/dots/press conference. Bottom line: all eyes on oil and war headlines until further notice.

It's impossible to overlook how reluctant Treasuries have been to follow the most recent drop in oil prices. If we really wanted to unpack that, we'd spend time reiterating that yields and oil have never correlated perfectly over longer time frames. Suffice it to say that intraday charts have been correlating well on most days, and that correlation breaks down the longer you look back. If we weren't considering oil prices at all, a clear technical tug-of-war is emerging around 10yr yields at 5%. Buyers have been stepping in any time yields crest that level, but they've stepped away between 4.92-4.94%.

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