The Day Ahead: Fake or Not, Hormuz Headlines Helping Bonds

Bonds began the overnight session in weaker territory and were mostly sideways until roughly 4:30am. At that time, newswires hit regarding an Iranian official suggesting to 2 separate news agencies that Iran could reopen the Strait within 7 days. That was the only part of the news that the market focused on, even though there were conditions and, later, denials. Oil prices dropped instantly and bond yields followed. Why would bonds move on potentially "fake" news? Because it's likely not actually fake. While we can only speculate, it's exceedingly plausible that some Iranian official did actually say things that were later denied by other Iranian officials who disagree about the country's war strategy. The only agreement that matters is between financial markets and our thesis in the last sentence.

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