

Sometimes Sideways is The Best Case Scenario

By: Matthew Graham | Fri, Apr 19 2024, 4:32 PM

Granted, there was a possibility that today could have been a rally day for the bond market, but as seen in the overnight trading session, that possibility depended on the escalation of war in the Middle East. There aren't many other reasons for bonds to push back too much on recent weakness. One of the only other reasons would be Friday position squaring and short covering, but that would be just as much of an indication of ongoing bearishness in bonds. In that sense, holding sideways is possibly the best victory we could have hoped for today. The fact that we've avoided Tuesday's high yields through the end of the week could even signal sideways vibes until May, at which point data and the Fed will let us know the direction of the next big move.

Market Movement Recap

09:38 AM	Initially stronger overnight, but giving up gains since then. 10yr down 1.7bps at 4.609. MBS up 1 tick (.03).
10:27 AM	10yr all the way back to unchanged at 4.627. MBS down 2 ticks (.06)
02:02 PM	Broadly sideways and choppy, but currently unchanged in MBS and 10yr.
04:27 PM	Still sideways. MBS up 1 tick (0.03) and 10yr down half a bp at 4.622

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