

Stocks pare some of prior week weakness while bonds add to gains

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar flat
- **REAR VIEW:** Trump to substantially increase US tariff on Indian goods due to massive buying of Russian oil; EU to suspend trade countermeasures on the US for six months; Trump to announce Fed Kugler's and BLS Head replacements in coming days; Switzerland ready to make a more attractive offer to the US; US factory orders decline as expected, while employment trends move lower; Hotter-than-expected Swiss CPI.
- **COMING UP: Data:** Global Composite and Services PMI Final, EZ Producer Prices, Canadian Trade, US ISM Services, International Trade Balance, RCM/TIPP Economic Optimism, Atlanta Fed GDPNow, New Zealand Jobs. **Supply:** Australia, Japan, UK, Germany, US. **Earnings:** AMD, Arista Networks, Snap, Pfizer, Caterpillar, BP, Diageo, Infineon, Continental, Hugo Boss, Telecom Italia.
- **WEEK AHEAD:** Highlights include US ISM Services PMI, BoE, BoJ SOO, Canada & NZ Jobs, China Trade and OPEC+. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing BoE, RBI, Banxico; Reviewing FOMC, BoJ, BoC, SARB. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings aplenty with highlights including PLTR, CAT, PFE, AMGN, AMD, DIS, UBER, MCD, LLY. [Click here for the full report.](#)

MARKET WRAP

Stocks were bid on Monday, paring some of the weakness seen last week. The Russell outperformed indices, while in sectors, gains were led by Communication, Utilities and Technology. Energy, Consumer Staples and Consumer Discretionary underperformed, with energy the only sector in the red amid lower crude and natgas prices. Crude prices sold off throughout the morning before bouncing off lows in response to a post from US President Trump. Trump said that he will be substantially raising the tariff paid by India to the USA due to buying massive amounts of Russian oil and then selling it on the open market for big profits, albeit details remain light. Elsewhere on Trade, the EU will be suspending trade countermeasures on the US for six months, as agreed to in the US/EU trade deal. There was no Fed speak today or tier 1 US data, but US President Trump announced that he will be naming the replacement for Fed Governor Kugler in the next few days. T-notes were bid across the curve, despite falling overnight, but with the July jobs report + revisions still fresh on the mind, T-notes resumed higher, advancing on Friday's gains. It is also likely being supported by the anticipated Trump nomination for Kugler's replacement, with the President highly likely to appoint a dove - PolyMarket has either former Fed Governor Warsh or current NEC Director Hasset as the front-runners. In FX, the Yen and Gold benefited from the lower yield environment, but the Franc lagged, continuing to face the fallout of the US tariff on Switzerland announced last week, given Switzerland was away for the holiday on Friday.

US

KUGLER REPLACEMENT PRIMER: On Friday, Fed Governor Kugler announced her resignation from the Board of Governors, effective August 8th. Kugler typically held a neutral stance on the Board, most recently speaking on July 17th, broadly aligning with the majority view that it is appropriate to keep rates steady for some time, given low unemployment and rising tariff-related pressures. President Trump has indicated he will announce her replacement in the coming days. Trump is expected to use this opportunity to appoint a dovish Governor, someone more closely aligned with his view that interest rates are too high. This appointee could also become a candidate for Fed Chair once Powell's term as Chair expires in May 2026. However, Powell's term as Governor runs until January 2028, meaning he can remain on the Board even after stepping down as Chair. Note, we may not know Powell's decision until closer to the time. [Click here for the full Newsquawk Preview.](#)

FIXED INCOME

T-NOTE FUTURES (U5) SETTLED 5+ TICKS HIGHER AT 112-12

T-notes turn higher in US trade, adding on to the NFP gains seen Friday. At settlement, 2-year -1.4bps at 3.690%, 3-year -1.8bps at 3.656%, 5-year -2.3bps at 3.748%, 7-year -2.6bps at 3.948%, 10-year -1.8bps at 4.202%, 20-year -1.2bps at 4.772%, 30-year -0.9bps at 4.798%.

INFLATION BREAKEVENS: 1-year BEI +1.6bps at 3.209%, 3-year BEI +3.1bps at 2.684%, 5-year BEI +1.5bps at 2.429%, 10-year BEI +2.2bps at 2.354%, 30-year BEI +1.2bps at 2.251%.

THE DAY: T-notes sold off overnight, paring some of the sharp NFP upside seen on Friday. T-notes bottomed out in the European morning at 111-31+ before the bidding resumed as the US day began. T-notes peaked at 112-13, before selling occurred after the US equity open, with the strong upside in equities weighing on bonds. A turnaround was seen thereafter, which coincided with US President Trump announcing that he will substantially raise tariffs paid by India to the US due to the buying of Russian oil and selling it on the open market for big profits. There was little data to digest on Monday, with Durable Goods revisions seeing the headline revised down to -9.4% from -9.3%. Meanwhile, Factor orders fell 4.8%, in line with expectations, and employment trends eased from the prior. Elsewhere on trade, the EU announced it is suspending trade countermeasures on the US by six months, as part of

the US/EU trade agreement. Attention this week turns to supply (3-, 10- and 30-year paper) as well as ISM Services PMI on Tuesday. We will also be looking out for US President Trump naming a replacement for Governor Kugler. Trump said he will announce it in the next few days.

SUPPLY

Notes/Bonds

US to sell USD 58bln of 3-year notes on August 5th. US to sell USD 42bln of 10yr notes on August 6th. US to sell USD 25bln of 30yr bonds on August 7th.

Bills

- US sold USD 87bln of 3-month bills at a high rate of 4.165%, bid-to-cover 3.17x.
- US sold USD 77bln of 6-month bills at a high rate of 3.980%, bid-to-cover 3.14x.
- US to sell USD 85bln (prev. 80bln) of 6-week bills and USD 50bln of 52-week bills on August 5th.

STIRS/OPERATIONS:

- **Market Implied Fed Rate Cut Pricing: September 23bps (prev. 23bps), Oct 40bps (prev. 39bps), Dec 61bps (prev. 59bps).**
- NY Fed RRP op demand at USD 126bln (prev. 97bln) across 26 counterparties (prev. 21).
- EFR at 4.33% (prev. 4.33%), volumes at USD 129bln (prev. 92bln) on August 1st.
- SOFR at 4.34 (prev. 4.39%), volumes at USD 2.885tln (prev. 2.933tln) on August 1st.

CRUDE

WTI (U5) SETTLED USD 1.04 LOWER AT USD 66.29/BBL; BRENT (V5) SETTLED USD 0.91 LOWER AT USD 68.76/BBL

The crude complex continued the losses seen on Friday post-NFP and Trump's trade deadline, and also after the latest OPEC confab this weekend. Recapping, OPEC+ said that eight members will raise oil output by 547,000 BPD in September (some sources last week suggested it could be lower), and the eight countries are scheduled to meet again on September 7th. On US/Russia, Reuters sources said that US Special Envoy Witkoff is to visit Russia on Wednesday, with reports last week suggesting it would surround continuing discussions at securing a Russia/Ukraine ceasefire deal. As a reminder, on 29th July, Trump said Russia has 10 days [from that day] to agree a deal with Ukraine. Elsewhere, newsflow was light as Trump dominated the tape. On Friday, he announced he is to fire the BLS Commissioner, calling last week's job numbers "rigged", and said an appointment would be made in the coming days. Another pivotal job up for grabs is Fed Governor Bowman's seat, after she announced her resignation on Friday, and participants will look to Trump's chosen replacement as a potential successor to Fed Chair Powell. For the record, WTI and Brent traded between USD 65.46-67.74/bbl and 68.00-69.96/bbl, respectively.

EQUITIES

CLOSES: SPX +1.47% at 6,330 NDX +1.87% at 23,189, DJI +1.34% at 44,174, RUT +2.10% at 2,212.

SECTORS: Energy -0.44%, Consumer Staples +0.42%, Consumer Discretionary +0.68%, Real Estate +0.81%, Financials +0.87%, Industrials +0.91%, Health +1.41%, Materials +1.42%, Utilities +1.74%, Technology +2.15%, Communication Services +2.59%.

EUROPEAN CLOSES: Euro Stoxx 50 +1.50% at 5,243, Dax 40 +1.41% at 23,757, FTSE 100 +0.66% at 9,128, CAC 40 +1.14% at 7,632, FTSE MIB +1.89% at 40,697, IBEX 35 +1.76% at 14,375, PSI +1.35% at 7,730, SMI -0.11% at 11,810, AEX +0.44% at 889

STOCK SPECIFICS:

- **Berkshire Hathaway (BRK.B):** Operating profit fell 4% Y/Y and took a USD 3.76bln impairment hit on Kraft Heinz (KHC).
- **Tyson Foods (TSN):** EPS and revenue topped, with solid FY sales guidance.
- **Amphenol (APH)** secured a USD 10.5bln deal for CommScope's broadband unit.
- **Palantir (PLTR)** awarded a USD 10bln contract by the US Army.
- **Spotify (SPOT)** to raise premium subscription price from September in some markets.
- **Tesla (TSLA)** committee approved award of 96mln shares of restricted stock to CEO Musk.
- **HNI Corp (HNI)** to acquire Steelcase (SCS) in a USD 2.2bln deal.
- US President Trump says Sydney Sweeney has "the HOTTEST ad out there. It's for **American Eagle (AEO)**".
- ChatGPT to hit 700mln weekly users, up 4x from last year, via CNBC.
- **General Motors (GM)** sold 19k EVs in the US in July, up more than 115% Y/Y.

FX

The **Dollar Index** started the week little changed after the disappointing NFP report on Friday sent the buck lower. Updates over the day had a muted effect on FX movement, with US President Trump set to announce the replacements for the BLS head and Fed Governor Kugler in the week ahead. On trade, Trump's frustration with India's oil purchases remained elevated, noting he will be substantially raising tariffs on India, as they sell Russian oil for big profits. India called the decision "unjustified and unreasonable" and will take all necessary measures to safeguard its national interests. Meanwhile, the EU suspended its planned countermeasures against Trump's tariffs, ahead of the originally planned date of August 7th. The pause is expected to take effect formally on Tuesday. DXY traded within a small range of 98.590-98.982, where attention now turns to the ISM Services PMI on Wednesday.

G10FX saw mixed price action against the buck. JPY outperformed in the green, thanks to a lower US yield environment, while CAD

and GBP eked out marginal gains. Meanwhile, downside was led in the Swiss Franc, and to a lesser extent, EUR & NZD. Possibly driving CHF lower despite the hotter-than-expected CPI was pressured demand arising from the delayed downside reaction in the SMI (closed on Fri) towards Trump's 39% tariff on Switzerland. Following a White House official noting on Friday that Switzerland had refused to make any meaningful concessions by dropping trade barriers with the US - a likely driver for why the US increased the tariff on Switzerland to 39% from 31% - the Swiss government said it's ready to make a more attractive offer to the US. At ING, they don't see a sustained rally in EUR/CHF until the ECB has definitely finished its easing cycle - "something we may not know for certain until next year". Currently, USD/CHF and EUR/CHF trade around their 50 DMAs of 0.8072 and 0.9347, respectively.

EMFX: In China, local press reported that China could step up monetary easing efforts in H2 2025 by cutting benchmark interest rates and banks' RRR in order to guide overall financing costs lower and support the economy, albeit a muted reaction was seen in the Yuan. Meanwhile, the PBoC did not purchase or sell Chinese sovereign bonds on the open market in July. For the week ahead, the focus is on Brazil-US trade relations, where Brazil is to announce a response to the latest US tariff announcement from August 6th. Reuters, through sources, reported that Brazil chooses local relief over retaliation for US tariffs, through public credit lines and other support for export finance.

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