

Stocks bid and Bonds hit ahead of US CPI and possible Trump/Putin meeting

- **SNAPSHOT:** Equities up, Treasuries down, Crude flat, Dollar up.
- **REAR VIEW:** US and Russia planning Ukraine deal; Weak Canada jobs report; Trump said that there will be no tariff talks with India until things get resolve; US will refund Japan tariffs from 7th August following mistake on stacked tariffs; Brazil implementing strategy to US tariffs; White House to clarify misinformation on gold tariffs; Trump's team reportedly expands Fed Chair search.
- **COMING UP: Holiday:** Japanese Mountain Day Holiday **Data:** Norwegian CPI (Jul) **Events:** BoC SLOS (Q2)
- **WEEK AHEAD:** Highlights include US CPI, US Retail Sales, China CPI and Activity Data, RBA, UK Jobs, US/China Truce Deadline, Potential Trump/Putin Meet. [To download the report, please click here.](#)
- **CENTRAL BANK WEEKLY:** Previewing RBA, Norges; Reviewing BoE, Fed Governor pick, RBI, Banxico. [To download the report, please click here](#)

MARKET WRAP

Stocks closed in the green on Friday with the majority of sectors firmer, Tech, Communication and Financials outperformed, while Real Estate, Utilities and Industrials lagged. US President Trump announced just before the close on Thursday that CEA Chair Miran will be the replacement for Fed Governor Kugler until the end of January, giving Trump more time to think of who he wants as the next Fed Chair - Waller is seen as a favourite. On trade, Trump said that there will be no tariff talks with India until things get resolved, while after meetings between US and Japan, Japan said they have been able to confirm the non-stacking stance on tariffs from the US and it will refund Japan any extra tariffs retroactively going back to 7th August. There were also reports India paused plans to buy US arms, but this was later denied by the Indian MoD. Meanwhile, Brazil is reportedly implementing a four-pronged strategy to respond to the tariff hike by the US on Brazil. Crude prices settled flat but with notable weakness seen in response to reports that the US and Russia are planning a Ukraine deal to cement Russian territorial gains, however the move did pare by settlement - perhaps as participants thought Zelensky is unlikely to accept such demands. Spot gold prices were flat but in volatile trade as FT reported that the US hit one-kilo gold bars with tariffs in a blow to Switzerland. However, a WH official later announced it will clarify misinformation on gold tariffs, clarifying that imports of gold bars should not face tariffs, seeing spot gold tumble, before paring. T-Notes were lower across the curve with weakness led by the long-end, following a weak 30yr bond offering on Thursday, marking three tails in this weeks supply. FX price action was rather mundane but the Dollar is benefitting from the higher yields, which saw the Yen lag. CAD saw some marginal weakness after a soft Canadian jobs report.

FIXED INCOME

T-NOTE FUTURES (U5) SETTLED 8+ TICKS LOWER AT 111-26+

T-Notes were sold across the curve, but the long-end underperforms after a week of soft auctions . At settlement, 2-year +2.2bps at 3.756%, 3-year +3.3bps at 3.722%, 5-year +3.8bps at 3.828%, 7-year +3.9bps at 4.027%, 10-year +3.9bps at 4.283%, 20-year +3.7bps at 4.831%, 30-year +4.1bps at 4.853%.

INFLATION BREAKEVENS: 1-year BEI +1.3bps at 3.248%, 3-year BEI +2.6bps at 2.725%, 5-year BEI +3.3bps at 2.476%, 10-year BEI +3.6bps at 2.389%, 30-year BEI +2.2bps at 2.285%.

THE DAY: T-Notes meandered overnight before selling off during the US session with yields firmer across the curve. The downside in futures was led by the long-end, seemingly a function of the weak 30yr bond auction on Thursday, with all three auctions this week posting a tail. The move also comes ahead of US CPI next week. There was little data to digest on Friday, with focus on Trump naming CEA Chair Miran to replace Kugler on a temporary basis (he announced it just before the US close last night). Miran will still need to be confirmed by the Senate when they return in September, but he is likely to align with the doves and push others for rate cuts in the following meeting. Providing Miran is confirmed before the September 16-17th meeting, Miran's term will expire at the end of January, allowing him to vote in the September, November, December and January meetings. Trump will eventually announce a successor to Miran, and also announce a new Fed Chair when Powell's term expires in 2026; likely the Miran successor, or Governor Waller. If Powell decides to step down from the board too, Trump will be able to nominate another candidate. With Miran on the board, he will argue that tariffs are not going to increase price pressures or result in only one-time price increases, a similar argument to Governors Waller and Bowman. With Miran in the Fed, it may reduce the credibility of Fed independence and could be weighing on the long-end of the curve as participants demand more term premium. However, as it is a temporary role, the risk of a "shadow Fed Chair" is largely reduced. In the event of NEC Director Hasset or former Fed Governor Warsh taking the Fed Chair position, Rabobank see a Bull/Bear UST 2s10s steepening. For Waller, the desk sees a flattening UST Breakeven curve as Waller shows more concern for the labour market than short-term inflation, but retains credibility for managing inflation over the longer term.

SUPPLY

Bills

- US to sell USD 82bln of 13-wk bills and USD 73bln of 26-wk bills on August 11th

- US to sell USD 85bln of 6-wk bills on August 12th

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: September 23bps (prev. 23bps), Oct 38bps (prev. 39bps), Dec 58bps (prev. 59bps).**
- NY Fed RRP op demand at USD 80bln (prev. 78bln) across 21 counterparties (prev. 26).
- EFRF at 4.33% (prev. 4.33%), volumes at USD 108bln (prev. 112bln) on August 7th.
- SOFR at 4.35% (prev. 4.34%), volumes at USD 2.855tln (prev. 2.866tln) on August 7th.

CRUDE

WTI (U5) SETTLED UNCHANGED AT 63.88/BBL; BRENT (V5) SETTLED USD 0.16 HIGHER AT 66.59/BBL

The crude complex ended the day flat, but the week with losses as a touted Trump/Putin/Zelensky meeting dominated the slate. WTI and Brent saw gradual strength through the European session, albeit in light newsflow, but benchmarks plummeted to session troughs of USD 62.77/bbl and 65.53/bbl, respectively, after Bloomberg reported that US and Russia are planning a Ukraine deal to cement Russian territorial gains. Currently, there is no indication yet on whether Ukraine President Zelensky would approve a potential deal. Despite oil falling by over USD 1.50/bbl in a minute, or so, benchmarks pared the weakness through the rest of the session, once again with no headline driver but potentially as participants doubted the likelihood of Zelensky accepting such a deal of giving up Ukrainian land to Russia. On a similar footing, Western press said the Trump-Putin summit is tentatively scheduled for the end of next week, with other reports previously suggesting it would be at the start. For the record, the weekly Baker Hughes rig count saw oil rigs rise 1 to 411, natgas fall 1 to 123, leaving the total down 1 at 539.

EQUITIES

- **CLOSES:** SPX +0.79% at 6,390, NDX +0.95% at 23,611, DJI +0.44% at 44,162, RUT +0.17% at 2,218.
- **SECTORS:** Technology +1.22%, Communication Services +1.20%, Financials +0.92%, Health +0.91%, Energy +0.68%, Materials +0.54%, Consumer Staples +0.36%, Consumer Discretionary +0.19%, Industrials -0.01%, Utilities -0.45%, Real Estate -0.82%.
- **EUROPEAN CLOSES:** Euro Stoxx 50 +0.19% at 5,342, Dax 40 +0.00% at 24,193, FTSE 100 -0.06% at 9,096, CAC 40 +0.44% at 7,743, FTSE MIB +0.56% at 41,624, IBEX 35 +0.91% at 14,825, PSI +0.23% at 7,780, SMI +0.15% at 11,867, AEX -0.13% at 891.

STOCK SPECIFICS:

- **Tesla (TSLA):** Disbanding its Dojo supercomputer team and its leader, Peter Bannon, is leaving, Bloomberg reports.
- **Intel (INTC):** CEO has board support after recent Trump criticism.
- **Motorola Solutions (MSI):** EPS & rev. beat alongside raising guidance.
- **Akamai (AKAM):** Top & bottom line w/ strong next Q & FY outlook.
- **Take-Two (TTWO):** Shallower than exp. loss per shr., net bookings beat & raised guidance.
- **The Trade Desk (TTD):** Outlook didn't offer much upside & Co. announced the departure of its CFO.
- **Expedia (EXPE):** EPS & rev. surpassed exp.
- **Under Armour (UAA):** Dismal next Q profit view.
- **Monster Beverage (MNST):** Q2 metrics impressed.
- **Block (XYZ):** Impressive numbers & strong guidance.
- **Gilead Sciences (GILD):** Top & bottom line beat w/ lifted outlook.
- **Pinterest (PINS):** Q2 profits fell short.
- **Twilio (TWLO):** Weak guidance.

FX

The Dollar was slightly firmer on Friday, albeit in light newsflow, as Trump took the headlines just before the close on Thursday night as he announced CEA Chair Miran as the temporary replacement for Fed Governor Kugler's seat; a move done to give the President more time [until January] to find a permanent replacement, and a new Fed Chair. Back to Friday, there was no US data and Musalem (2025 voter) said little new as participants await a possible Trump/Putin meeting next week, albeit reports have been conflicting of when we can expect it. Looking to next week, the main risk events include US CPI/Retail Sales, and US/China truce deadline.

XAU saw choppy trade in response to reports in the FT that the US hits one-kilo gold bars with tariffs, in a blow to Switzerland. This was later confirmed by the US Customs and Border Protection Services. However, the WH later announced it will clarify misinformation on gold tariffs, clarifying that imports of gold bars should not face tariffs.

G10 FX was pretty flat across the board vs. the Dollar, although the Yen was the clear laggard and weighed on by higher US yields. On the trade footing, after meetings between the US and Japan, Japan said they have been able to confirm the non-stacking stance on tariffs from the US and the US will refund Japan any extra tariffs retroactively going back to 7th August. USD/JPY traded between 146.73-147.90. Out of G10, RBA and UK jobs are the key scheduled risk events.

GBP saw marginal strength against the Buck, but highlighting the narrow range, Cable traded between 1.3419-54. BoE's Pill spoke, who was one of the dissenters at the BoE on Thursday, but today said a clear decision was made to lower rates. The Chief Economist added that disinflation is showing ongoing progress, but at the margin, there has been an upward shift in inflation risks for 2-3 years time. Additionally, price and wage-setting behaviour shifts raise concerns over the sustainability of recent rate cut

pace.

CAD saw a little weakness on a dismal employment report, whereby the Canadian economy surprisingly lost 40.8k jobs, against an anticipated gain of 13.5k. USD/CAD traded within a 36pip range on Friday.

EMFX was mixed. CLP, MXN saw gains, BRL, INR, COP, ZAR was flat, and the Yuan saw mild losses. In Brazil, CNN Brasil reported that the Brazilian government has defined and is implementing a four-pronged strategy to respond to the tariff hike imposed on Brazil by the administration of US President Trump. Further on the trade footing, US Treasury Secretary Bessent stated China tariffs can be on the table at some point and that Trump is using tariffs as an instrument of foreign policy. Finally, and also out of Asia, there were reports that India paused plans to buy US arms, but this was later denied by the Indian MoD. Out of Asia, China CPI and Activity Data are the highlights next week.

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