

Markets chop in tight ranges as CPI awaits

- **SNAPSHOT:** Equities down, Treasuries flat, Crude flat, Dollar up.
- **REAR VIEW:** WH signs EO to extend US/China trade truce; MU raises next quarter guidance; NVDA/AMD to pay 15% of China chip sales to US government; Trump to meet Putin in Alaska on Friday and called it a 'feel out' meeting; Trump says gold will not be tariffed; Bowman, Jefferson, & Logan added to Fed Chair candidate list.
- **COMING UP:** **Data:** UK Jobs Report (Jun), German ZEW Survey (Aug), US CPI (Jul) **Events:** US-China truce deadline, RBA Announcement (Aug), EIA STEO, OPEC MOMR **Speakers:** RBA Governor Bullock; Fed's Barkin, Schmid **Supply:** UK **Earnings:** CoreWeave, ON Holding, Hannover Re.
- **WEEK AHEAD:** Highlights include US CPI, US Retail Sales, China CPI and Activity Data, RBA, UK Jobs, US/China Truce Deadline, and 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 ultimately settled lower to start the week in a day of quiet newsflow, with attention turning to US CPI on Tuesday. Highlights came from over the weekend, where US President Trump approved export licenses for Nvidia (NVDA) and AMD (AMD) to sell chips to China, albeit not tier 1 chips, but in return for 15% of revenue to be paid back to the US government, seeing the stocks open lower before paring the losses during trade. Sectors were mixed, Consumer Discretionary, Staples and Health Care outperformed, while Energy, Tech and Real Estate lagged. T-Notes flattened on the day with 10yr futures settling relatively flat as all eyes turn to US CPI on Tuesday (preview below). In FX, the Dollar outperformed while Swissy lagged as the currency continues to be hit by the trade fallout with the US. On trade, the White House confirmed CNBC reports that an Executive Order has been signed to extend the trade truce with China by 90 days, as was widely touted ahead of the August 12th deadline. Crude prices settled flat with eyes turning to the Trump/Putin meeting on Friday. Meanwhile, spot gold prices saw notable weakness before paring off lows after US President Trump announced that gold would not be subject to tariffs. Lithium surged today after CATL suspended production at a mine in China after a permit expired on Saturday, supporting lithium miners in the US.

US

CPI PREVIEW: US July CPI is expected to rise by +0.2% M/M at the headline level (prev. +0.3%), with the annual rate seen rising to 2.8% Y/Y from 2.7%. The core rate of inflation is expected to rise by +0.3% M/M (prev. +0.2%), with the annual rate of core inflation expected to rise to 3.0% Y/Y from 2.9%. Wells Fargo says that the data will bring further signs of higher tariffs pushing up prices. "It is still early in the price adjustment process to see how higher import taxes will ultimately be distributed between the end-customer, domestic sellers and foreign exporters," the bank writes, "at the same time, growing consumer fatigue is making it more difficult to raise prices in general." Looking ahead, Wells Fargo expects inflation to pick up, but not ratchet higher, in H2 of this year, and sees both the core CPI and core PCE deflators returning to around 3% in Q4. The June Fed median projections saw headline PCE at 3.0% by year-end with core PCE at 3.1%. [To see the full Newsquawk preview, please click here.](#)

FIXED INCOME

T-NOTE FUTURES (U5) SETTLE 2+ TICKS HIGHER AT 111-28+

T-Notes meander ahead of US CPI while the Trump administration widens Fed Chair nominees. At settlement, 2-year +0.4bps at 3.762%, 3-year +0.3bps at 3.728%, 5-year 0.0bps at 3.828%, 7-year -0.3bps at 4.024%, 10-year -0.8bps at 4.275%, 20-year -1.1bps at 4.820%, 30-year -1.1bps at 4.843%.

INFLATION BREAKEVENS: 1-year BEI -0.6bps at 3.253%, 3-year BEI +1.4bps at 2.737%, 5-year BEI +2.1bps at 2.488%, 10-year BEI +1.1bps at 2.393%, 30-year BEI +0.4bps at 2.281%.

THE DAY: T-Notes meandered on Monday in quiet trade with participants awaiting Tuesday's US CPI. T-Notes peaked at 112-00 in the European morning before bottoming at 111-25 in the US morning. On trade, the US signed an executive order extending the trade truce with China by 90 days, taking the new deadline to November 9th, 2025, according to CNBC. There was no data to digest today but Fed Governor Bowman spoke over the weekend. The governor warned that delayed action risks further labour market erosion and the need for a possible larger cut, and stated the latest NFP data enforces her forecast for three rate cuts this year (this would imply one at each meeting until year-end). Elsewhere, the Trump Administration is widening its contenders for Fed Chair, with an announcement set to be made in the fall, according to Bloomberg. Names under consideration now include NEC Director Hassett, former Fed Governor Warsh, Fed Governors Waller and Bowman, Fed Vice Chair Jefferson, Dallas Fed President Logan, former St Louis Fed President Bullard, and the former George W. Bush Adviser Marc Sumerlin as contenders. Attention this week is largely on the July CPI report, which will be used to further shape Fed rate cut expectations by year-end. A hot print will likely see the hawks on the Fed argue that they are further away from the Fed's inflation goals than the labour market, but the doves may argue that tariffs are a one-time price increase.

SUPPLY

Bills

- US sold USD 88bln of 3-month bills at a high rate of 4.150%, B/C 2.64x
- US sold USD 78bln of 6-month bills at a high rate of 3.970%, B/C 3.21x
- US to sell USD 85bln of 6-wk bills on August 12th

STIRS/OPERATIONS

- Market Implied Fed Rate Cut Pricing: September 22bps (prev. 23bps), Oct 38bps (prev. 38bps), Dec 58bps (prev. 58bps).
- NY Fed RRP op demand at USD 82bln (prev. 80bln) across 26 counterparties (prev. 21).
- EFFF at 4.33% (prev. 4.33%), volumes at USD 115bln (prev. 108bln) on August 8th.
- SOFR at 4.35% (prev. 4.35%), volumes at USD 2.817tln (prev. 2.855tln) on August 8th.

CRUDE

WTI (U5) SETTLED USD 0.08 HIGHER AT 63.96/BBL; BRENT (V5) SETTLED USD 0.04 HIGHER AT 66.63/BBL

The crude complex was more or less flat to start the week in light newsflow as traders await US CPI and the Putin/Trump meeting on Friday. On the latter, the two are to meet in Alaska on Friday (15th Aug), and Trump today said it is a "feel-out meeting", and said Zelensky could also go; Trump added he thinks the Putin meeting will be good, but might be bad. In his remarks today, US President added there will be some swapping and changes in land, and going to try and get some territory back for Ukraine. Ahead of it, reports suggest Putin demands Ukraine cede Donetsk, Luhansk and Crimea, for Russia to halt the war, something which is unlikely Zelensky will agree to as he is unwilling to give up any Ukrainian land. Despite saying this, The Telegraph said that Ukraine could agree to stop fighting and cede territory already held by Russia as part of a European-backed plan for peace. In terms of positioning, the latest CTFC metrics show that speculators are bearish towards the oil market, despite the sanctions and secondary tariff risks. ING notes speculators reduced their net long in ICE Brent by 20.375k to 240,977, as of w/e August 5th, while WTI crude oil speculators cut net longs by 10.24k to 23.13k. Note, just ahead of settlement, it was reported that the US signed an executive order for a 90-day truce extension with China.

EQUITIES

CLOSES: SPX -0.20% at 6,377, NDX -0.36% at 23,527, DJI -0.45% at 43,976, RUT -0.04% at 2,217.

SECTORS: Consumer Staples +0.17%, Consumer Discretionary +0.14%, Health +0.07%, Financials -0.05%, Communication Services -0.08%, Materials -0.24%, Industrials -0.29%, Utilities -0.36%, Technology -0.56%, Real Estate -0.65%, Energy -0.79%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.30% at 5,332, Dax 40 -0.37% at 24,072, FTSE 100 +0.37% at 9,130, CAC 40 -0.57% at 7,699, FTSE MIB -0.10% at 41,584, IBEX 35 +0.21% at 14,856, PSI -0.46% at 7,745, SMI +0.02% at 11,869, AEX +0.31% at 894.

STOCK SPECIFICS:

- **Micron (MU)** upgraded Q4 guidance on improved DRAM pricing.
- **Nvidia (NVDA) and AMD (AMD)** agreed to pay 15% of China chip sales to US government
- **Intel (INTC)** CEO Tan to meet with Trump in the White House on Monday.
- **Western Union (WU)** to acquire **International Money Express (IMXI)** for USD 16/shr in cash; Note, IMXI closed Fri. at USD 9.28/shr.
- **NexStar (NXST)** reportedly in advanced talks to buy **Tegna (TGNA)**.
- **Rumble (RUM)** announced its intent to buy AI firm Northern Data
- Activist investor Engine Capsule has built a ~3% stake in **Avantor (AVTR)**.
- **Paramount Skydance (PSKY)** has sealed a USD 7.7bln exclusive rights deal with the UFC (TKO), according to FT.
- **C3.ai (AI):** Disappointing prelim Q1 numbers.
- **AMC Entertainment (AMC):** EPS & rev. beat expectations
- **AAON (AAON):** EPS & rev. light

FX

The Dollar was firmer to start the week in light trade as participants await US CPI on Tuesday. There were a few developments on Monday: 1) Trump signed an EO to extend US/China trade truce for 90 days, with Sunday November 9th as the new deadline, something which was expected. 2) Trump said Gold will not be tariffed. 3) BBG reported Fed Governor Bowman, Fed Vice Chair Jefferson, and Dallas Fed President Logan are all under consideration for Fed Chair, and the WH is on track for Fed Chair announcement this fall. There was little move to any of these headlines in quiet trade, and a lack of Fed speak and tier 1 US data.

G10 FX was lower across the board vs. the Buck with the **Swissy** the clear laggard as the fallout from the trade deal continues, and that saw USD/CHF trade between 0.8062-8131. Note, no reaction was seen in the Swissy on the aforementioned gold announcement. **AUD** saw the shallowest losses ahead of the RBA overnight, whereby the central bank is widely expected to cut rates by 25bps to 3.60%.

EUR weakened, and cognizant of repeating myself, in a lack of newsflow out of the Bloc as traders likely await the outcome of the Trump/Putin meeting at the end of the week. ING suggests "Should a ceasefire materialise in the coming weeks, the euro is likely to perform well, primarily against the dollar, yen, and Swiss franc". EUR/USD hit a low of 1.1591 against an earlier high of 1.1675.

The Yen suffered losses, with desks noting that political uncertainty in Japan adds to the bearish outlook. Speculation around a potential LDP leadership election in September that could see PM Ishiba replaced is raising questions about fiscal policy and trade relations with the US. Combine this with growth concerns from US tariffs, desks note this instability may keep the BoJ cautious, even as domestic inflation remains elevated.

EMFX saw broad-based losses and was weighed on by the Dollar strength. Over the weekend, Chinese CPI came in above expectations, while PPI declined more than anticipated; on Monday, US confirmed a 90-day extension to US/China's trade truce. Out of Brazil, Finance Minister Haddad does not expect any impact from US tariffs on local inflation, and Haddad's virtual meeting with US Treasury Secretary Bessent was called off, and no fresh date has been scheduled. Haddad asked the US Treasury to reschedule the meeting, but soon noticed that it would not be the case.

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