**Daily Overnight Updates**

06/25/2018, as of 6:00 a.m. EST

* **Fixed Income**
  + US 10Y jumps 3 ticks (119-30 🡪 120-01+) during Asia session as U.S. plans more curbs on China investments. Continued trade in-range during EU session, hovering around 120-01.
* **Equities**
  + US futures markets -0.60% during Asian session as escalating trade war concerns spur selloff. Slight decline to -0.75% during European session.
  + European indices -1.00% as geopolitical threats have captivated markets. BNP Paribas, HSBC, Banco Santander lead decline.
  + Asian indices down early as China reserve-cut failed to lift sentiment. US-China trade dispute may force China to reform faster to boost long-term economic growth, creating uncertainty moving forward. Nikkei -0.79%, Hang Seng -1.29%, Shanghai -1.05%.
* **FX**
  + Euro trades +0.10% during Asian session, drops briefly on London open, and rebounds.
  + Yen trades -0.49% in Asian hours as leveraged funds switch to net short JPY and steady during Europe session.
  + Pound drops during Euro session, -0.16%
* **Commodities**
  + Brent Crude -2.38% during Asian session amid OPEC supply boost. Jump to -0.70% after Europe open, as investors believe the proposed increase marks a major shift in OPEC+ strategy.
  + Gold -0.47% in Asia hours as hedge fund bets on gold gains falter and trade tensions linger. Rebound during European hours.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Actual** |
| **United States** | | | |
| 8:30 a.m. | **Chicago Fed National Activity Index**  Overall economic activity and related inflationary pressure | 0.30 | -0.15 |
| 10:00 a.m. | **New Home Sales** | 667,000 | 689,000 |
| 10:00 a.m. | **New Home Sales MoM** | 0.8% | 6.7% |
| 10:30 a.m. | **Dallas Fed Manufacturing Outlook Level of General Business Activity**  Monthly survey, tracks sentiment among manufacturers in Texas | 24.9 | 36.5 |
| 11:30 a.m. | **Auction: $48bb 3-month bills** | 1.900% | 1.900% |
| 11:30 a.m. | **Auction: $42bb 6-month bills** | 2.075% | 2.085% |
| **European Union** | | | |
| 4:00 a.m. | **Germany IFO Business Climate**  Tracks general state of economy as it relates to businesses; manufacturing, trade, and construction | 101.8 | 101.8 |
| 4:00 a.m. | **Germany IFO Expectations** | 98.0 | 98.6 |
| 4:00 a.m. | **Germany IFO Current Assessment** | 105.6 | 105.1 |
| 8:50 a.m. | **France Auction: €2.994bb 3-month bills** | -0.603% | -0.609% |
| 8:50 a.m. | **France Auction: €998mm 6-month bills** | -0.601% | -0.604% |
| 8:50 a.m. | **France Auction: €997mm 12-month bills** | -0.591% | -0.584% |

**Fun Fact**

* On June 25, 2009, lifelong musician, pop singer, and media icon Michael Jackson died at age 50 from cardiac arrest following a propofol overdose.

Hong Kong: 9:00 p.m. – 4:00 a.m.  
Europe: 3:00 a.m. – 11:30 a.m.  
US: 7:00 a.m. - EOB

06/26/2018, as of 6:00 a.m. EST

* **Fixed Income**
  + TY up until London open, falling to lows of 119-27 before rallying to a high of 120-02. This 7-tick move followed news from White House trade advisor Peter Navarro indicating the US Treasury Department report detailing US restrictions on foreign investments (to be released Friday) will not be as devastating as markets are anticipating. This softening of the trade rhetoric caused correlated movement in 10Y Bunds.
* **Equities**
  + US stock futures fell to a low of -0.46% following S&P 1.4% drop yesterday. The selloff during Monday’s session was ignited by trade war fears. Peter Navarro attempted to ease investors’ concerns about US investment policy, seeming to clash with Treasury secretary Steven Mnuchin on the issue.
  + European indices up amid trade concerns, though the rebound is far from making up from the previous session’s 2% losses. EU Trade Commissioner Cecilia Malmstrom warned US trade barriers could cost EU firms €23bb, but Navarro’s sentiment seemed hold more weight with European investors.
  + Asian indices fell again as trade tensions between the world’s two largest economies escalate. China’s central bank cut bank reserve requirements, leading investors to worry about credit conditions in the wake of the country’s rapid economic expansion.
* **FX**
  + Euro up during Asian hours, dropping to -0.35% during Europe session. Italy’s political instability has some investors concerned about the country’s economic expansion.
  + Yen trades -0.35% in Asian hours following the general risk-off sentiment.
* **Commodities**
  + Brent Crude rises at London open under pressure from rising OPEC supply. Rally likely driven by uncertainty about Lybian oil exports.
  + Gold falls -0.50% during London trading partially due to rising European equities. Investors are favoring other havens including Treasuries.
* **Fun Fact**
  + On June 26, 2000, the first map of the human genome was completed, decoding more than 3 billion base pairs of human DNA
  + Bruce Lorenz was re-elected mayor of Ruso, North Dakota by securing a whopping 100% of the city’s votes. 3 votes were cast. It was reported Mr. Lorenz forgot about the election, requiring a reminder from his daughter.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Actual** |
| **United States** | | | |
| 9:00 a.m. | **S&P CoreLogic 20-City Case-Shiller Composite Home Price MoM**  Composite of single-family housing within the United States | 0.40% |  |
| 9:00 a.m. | **S&P CoreLogic 20-City Case-Shiller Composite City Home Price YoY** | 6.80% |  |
| 10:00 a.m. | **Richmond Fed Manufacturing Index**  Tracks sentiment among manufacturers in Virginia, Maryland, North/South Carolina, DoC, and West Virginia. | 15 |  |
| 10:00 a.m. | **Conference Board Consumer Confidence SA**  Tracks sentiment among households and consumers | 128.0 |  |
| 10:00 a.m. | **Conference Board Consumer Confidence Present Situation / Expectations** |  |  |
| 11:30 a.m. | **Auction: $35bb 4-week Bills** | 1.815% |  |
| 1:00 p.m. | **Auction: $34bb 2-year Notes** | 2.590% |  |
| **European Union** | | | |
| 5:30 a.m. | **ECB 7-day Refinancing Auction Results** |  |  |
| 8:00 a.m. | **EBC Vice President De Guindos to Speak in Frankfurt**  Introduction at the Bond Market Contact Group (BMCG) organized by the ECB. |  |  |

06/27/2018, as of 6:00 a.m. EST

* **Fixed Income**
  + TY flat through Asian hours due to low volumes, experiencing a jump during London hours form 119-31+ / 120-10 after open. 3,400 TY blocked at 120-01 ignited the move, with highest volume traded before the 5:00 a.m. peak. Various reports indicate Trump’s administration economic policies will likely have negative effects on Treasuries across the board in weeks to come.
* **Equities**
  + US stock futures flat through Asian hours followed by a significant drop, with NASDAQ futures falling to a low of -1.27%. This drop aligned with the spike in Treasuries, on news that the US bows to take action against “unjustified tariffs.” Due to potential restrictions on foreign investments, US tech stocks have seen a pre-market dip.
  + European indices -0.60% following US futures decline. BNP Paribas and HSBC lead decline, auto sector index experiencing a continued sell-off on trade war concerns.
  + Asian indices fell with EU and US stock decline. Hang Seng -1.82% leads decline, with cash outflows following reports of an impending US trade war win.
* **FX**
  + Euro steady during Asian hours, falling briefly before London open and rebounding to high of +0.15%.
  + Yen experienced a decline to -0.24% during Asian session, falling to further lows of -0.3% after London open, correlated with Treasuries rally.
  + Pound on the defensive, down -0.3% during London session.
* **Commodities**
  + Brent Crude saw gains of +0.75% during Asian hours, after news of US sanctions which may curb Iran’s oil exports in the near future.
  + Gold drops to lows of -0.4% pre-London open as investors continue to pour into the dollar. Investors are preferring US currency and yields to the safety of gold during US-China trade negotiations.
* **Fun Facts**
  + On June 27, 1871, he yen became the official currency of Japan.
  + Musician Paul Gilman is being sued by the SEC for misleading investors in his company Oil Migration Group (OMG). He claimed to have developed technology that would “transform the oil and gas industry by using soundwaves to cheaply and effectively lower the viscosity of oil.” His supposedly revolutionary technology attracted $3.3mm from over 40 investors who believed in the musician who consequently gambled their money in casinos around the world.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Actual** |
| **United States** | | | |
| 7:00 a.m. | **MBA US Mortgage Market Index, Weekly Percentage Change**  Volume of mortgage loan applications submitted to lenders |  |  |
| 8:30 a.m. | **Merchant Wholesalers Inventories Total Monthly Percentage Change**  Tracks level of inventories held by wholesalers | 0.20% |  |
| 8:30 a.m. | **Retail Inventories MoM**  Tracks level of inventories held by retailers |  |  |
| 8:30 a.m. | **US Trade in Goods Balance, Total Census Basis**  Difference between movement of merchandise trade leaving a country (exports) and entering a country (imports) | -$69.0bb |  |
| 8:30 a.m. | **US Durable Goods New Orders MoM**  Value of new orders received during reference month | -1.00% |  |
| 8:30 a.m. | **US Durable Goods New Orders MoM, ex. Transportation** | 0.50% |  |
| 8:30 a.m. | **US Capital Goods (Nondefense) New Orders MoM ex. Aircrafts** | 0.50% |  |
| 8:30 a.m. | **US Capital Goods Shipments Percentage Change, ex. Aircrafts**  Tracks producers’ sale or shipment of goods to third parties | 0.30% |  |
| 10:00 a.m. | **US Pending Home Sales Index MoM**  Tracks signed real estate contracts that have not yet closed. Leading indicator for existing home sales. | 0.50% |  |
| 10:00 a.m. | **US Pending Home Sales Index YoY** |  |  |
| 11:30 a.m. | **Auction: $16bb 2-year Floating Rate Notes** |  |  |
| 1:00 p.m. | **Auction: $36bb 5-year Notes** |  |  |
| **European Union** | | | |
| 2:45 a.m. | **France Consumer Confidence Overall Indicator** | 100 | 97 |
| 4:00 a.m. | **EBC M3 Annual Growth Rate**  M3 money supply, tracking the total amount on money in circulation | 3.80% | 4.00% |
| 4:00 a.m. | **Italy Consumer Confidence Index** | 113.3 | 116.2 |
| 5:00 a.m. | **Auction: Italy to sell 6-month Bills** |  | 0.092% |
| 5:30 a.m. | **ECB Long-term Refinancing Operation Result** |  | €2.3bb |

06/28/2018, as of 6:00 a.m. EST

* **Fixed Income**
  + TY down 1 tick over Asian hours. TY traded 120-09 / 120-12+ in London session, returning to yesterday’s close. Again, investors are concerned with US-China tariff uncertainty, moving to Treasuries and fleeing from Asian equities. Austrailia-based QIC Ltd. recently announced its large move from Aussie dollars into Treasuries, as escalating trade tensions may force the Fed to forgo further interest rate increases.
  + Bund futures saw slight increase over London hours, with Bund/Treasury spreads widening after two block trades in futures market.
  + Japan 10Y and Gilt steady. Investors prepared for EU meeting as Brexit deliberation is pushed to the fourth-slot on the meeting agenda.
* **Equities**
  + US stock futures +0.2% during Asian hours, reaching highs of +0.5% into London session. With geopolitical risks dominating headlines, indices are trading erratically.
  + European indices faltered, with largest losses seen in Germany -0.64%. Losses headed by technology -1.9% and autos -1.2%. Concerns about US tariffs on Eurozone goods in these sectors are particularly prevalent.
  + Shanghai down 1% during Asian hours, Hang Seng traded up +0.5% over London hours. The US-China trade dispute, liquidity concerns, the sliding yuan, and weak economic data all factor into the continued decline.
* **FX**
  + Euro stagnant during Asian hours, climbing to a high of +0.35% during London session. Investors await EU summit and German CPI.
  + Pound dropped to low of -0.3% during London hours, hitting a seven-month low with EU leaders damping down expectations of progress on Brexit.
  + Yuan fell for its seventh straight day, hitting lows of -0.4%, as China continues to devalue its currency.
* **Commodities**
  + Brent Crude up +0.45% during London hours, resuming its climb as concerns over Iranian and Lybian crude supplies continue to be uncertain.
  + Silver up +0.2%, gold trading steady over both sessions.
* **Fun Facts**
  + On June 28, 1884, Congress declared Labor Day a legal US holiday. On June 28, 1919, Germany signed the Treaty of Versailles under protest, ending World War I and establishing peace between Germany and the Allied Powers.
  + A woman in Sweden got the names of her children tattooed on her body. Unfortunately, the artist misspelled “Kevin,” printing “Kelvin.” In response, she took the only logical course of action: changing her 2-year-old son’s legal name to Kelvin.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Initial Jobless Claims**  Tracks the number of individuals filing jobless claims for the first time, representing the inflow of people receiving unemployment benefits | 220k | 218k |  |
| 8:30 a.m. | **US Continuing Jobless Claims**  Total number of individuals receiving unemployment benefits | 1,718k | 1,723k |  |
| 8:30 a.m. | **US Annualized GDP QoQ** | 2.2% | 2.2% |  |
| 8:30 a.m. | **US GDP Price Index QoQ** | 1.9% | 1.9% |  |
| 8:30 a.m. | **US GDP Personal Consumption Core Price Index**  PCE deflators track overall price changes for goods and services |  | 2.3% |  |
| 9:45 a.m. | **Bloomberg US Consumer Comfort Index, Weekly** |  | 56.5 |  |
| 11:00 a.m. | **Kansas City Federal Reserve Composite Index**  Tracks sentiment among manufacturers in Kansas, Colorado, Nebraska, Oklahoma, Wyoming, New Mexico, and Missouri | 26 | 29 |  |
| 11:30 a.m. | **Auction: $30bb 7-Year Notes** |  | 2.930% |  |
| **European Union** | | | | |
| 3:00 a.m. | **Germany Consumer Confidence** | 10.6 | 10.7 | 10.7 |
| 3:00 a.m. | **Spain Retail Sales YoY** |  | 0.7% | -0.4% |
| 3:00 a.m. | **Spain CPI YoY** | 2.3% | 2.1% | 2.3% |
| 4:00 a.m. | **Italy Government Cumulative Deficit to GDP** |  | 2.3% | 3.5% |
| 5:00 a.m. | **Italy Harmonized Index of Consumer Prices YoY** | 1.3% | 1.0% | 1.5% |
| 5:00 a.m. | **European Commission Consumer Confidence Indicator** | -0.5 | -0.5 | -0.5 |
| 8:00 a.m. | **Germany Consumer Price Index, MoM** | 0.1% | 0.5% |  |
| 8:00 a.m. | **Germany Consumer Price Index, YoY** | 2.1% | 2.2% |  |
|  | **Bank of Italy to Release 1Q Credit Conditions and Risk** |  |  |  |
| 5:00 a.m. | **Auction: Italy to sell €2bb 7Y FRNs** |  |  |  |
| 5:00 a.m. | **Auction: Italy to sell €2bb 5Y Bonds** |  | 1.959% |  |
| 5:00 a.m. | **Auction: Italy to sell €2.5bb 10Y FRNs** |  | 2.826% |  |

06/29/2018, as of 6:00 a.m. EST

* **Fixed Income**
  + TY dropped 120-08/120-04 during Asian session. The 4-tick drop is attributed to the EU migration deal, smoothing EU-Italy friction. Additionally, US GDP growth data released yesterday displayed signs of anemic consumer spending, affecting TY movement from speculation.
  + Bund futures opened lower and recovered during London session. Talks of migration tension relief in the EU and speculation over ECB reinvestments spurred a rise in long-end German bonds in the later portion of London hours.
  + Gilts opened lower as risk appetite has improved in EU markets. Japan 10Y futures traded 150.81/150.86 while yen fell to a two-week low.
* **Equities**
  + US stock futures saw an uptick amid spikes in volatility, with S&P futures hitting highs of 7111.50 (+0.71%). Futures point to a higher open as investors await US economic data.
  + European indices up across-the-board, with Italian indices reaching highs of +1.89% on EU migration talks. STOXX hit high of 381.60 (+1.26%), signaling an upbeat end to a tumultuous quarter.
  + Asian indices rallied overnight, with Shanghai moving to 2847 (+2.17%) and Hang Seng to 28955 (+1.61%) led by large moves in commerce and property indices.
* **FX**
  + Euro jumps +0.8% to 1.17 during Asian session, pound moves +0.7% to 1.31 in London session on EU migration deal news.
* **Commodities**
  + Brent Crude up 1.9%, as investors were unconvinced by Saudi Arabia’s pledge to increase output, patching Iranian and Lybian supply disruptions.
* **Fun Facts**
  + On June 29, 1926, Fascists in Rome added an hour to the work day as an economic efficiency measure. On June 29, 2007, Apple released the first iPhone.
  + Alex Hentges of Dubuque, Iowa, purchased a Reese’s Peanut Butter Cup devoid of peanut butter. After posting about his woes on the often-sarcastic social network Reddit, Reese’s responded by sending him a care-package with over 30 Reese’s products, along with a handwritten apology note.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Personal Income MoM** *(non-inflation adjusted)* | 0.4% | 0.3% |  |
| 8:30 a.m. | **US Personal Consumption Expenditures MoM** *(non-inflation adjusted)* | 0.4% | 0.6% |  |
| 8:30 a.m. | **US Personal Consumption Expenditures Core Price Index MoM** | 0.2% | 0.2% |  |
| 8:30 a.m. | **US Personal Consumption Expenditures Core Price Index YoY** | 1.9% | 1.8% |  |
| 10:00 a.m. | **University of Michigan Consumer Sentiment Index**  Tracks changes in consumers’ willingness to buy, and predicts expenditures | 99.0 | 99.3 |  |
| **European Union** | | | | |
| 2:00 a.m. | **Germany Retail Sales MoM**  Tracks resale goods to general public for household consumption | -0.5% | 2.3% | -2.1% |
| 2:00 a.m. | **Germany Retail Sales YoY** | 1.9% | 1.2% | -1.6% |
| 2:00 a.m. | **Germany Import Prices Index MoM** | 0.9% | 0.6% | 1.6% |
| 2:00 a.m. | **Germany Import Prices Index YoY** | 2.4% | 0.6% | 3.2% |
| 2:45 a.m. | **France Producer Price Index YoY** |  | 2.3% | 2.9% |
| 2:45 a.m. | **France Consumer Price Index MoM** | 0.1% | 0.4% | 0.1% |
| 2:45 a.m. | **France Consumer Price Index YoY** | 2.1% | 2.0% | 2.1% |
| 3:55 a.m. | **Germany Unemployment Change** | -8k | -11k | -15k |
| 4:30 a.m. | **UK GDP QoQ** | 0.1% | 0.1% | 0.2% |
| 4:30 a.m. | **UK GDP YoY** | 1.2% | 1.2% | 1.2% |
| 5:00 a.m. | **Eurozone Core CPI YoY**  Core inflation series, excluding energy, food, alcohol, tobacco | 1.0% | 1.1% | 1.0% |
| 6:00 a.m. | **Auction: UK sells £1.5bb 1M Bills** |  |  |  |
| 6:00 a.m. | **Auction: UK sells £1.5bb 3M Bills** |  |  |  |
| 6:00 a.m. | **Auction: UK sells £1.0bb 6M Bills** |  |  |  |

07/02/2018, as of 6:00 a.m. EST

* **Fixed Income**
  + TY experienced a 9-tick jump 120-04/120-13 around London open, bolstered by China PMI data showing depressed export growth stemming from the US-China trade dispute. Investors eagerly await the release of the Fed’s June meeting minutes (to be released Thursday) which may indicate how cautiously the Fed is approaching the trade dispute.
  + Bund futures fell 162.86/162.46 in London hours. Investors are unsure about Germany’s political situation, as Chancellor Merkel struggles to prop up her coalition government during Europe’s migration disputes.
  + BTP futures dropped slightly at London open as general risk-off sentiment in EU caused investors to flee to Treasuries.
* **Equities**
  + US stock futures declined during Asian session and continued to fall after London open. Trade tensions have pushed US stocks lower, with S&P futures hitting lows of 26898.75 (-0.8%) and NASDAQ futures falling to 6995.00 (-1.0%).
  + European indices took a hit this morning after a jolt from German political strife. Additionally, investors are still worried about potential negative effects of US-China trade relations. STOXX hit lows of 375.25 (-1.23%), DAX performing similarly. Decline led by resources and banking.
  + Shanghai tumbled to 2757 (-3.13%) after recently-released bleak China PMI data. Additionally, investors continue to move away from Asian indices as US-China sentiment seems to be moving out of their favor.
* **FX**
  + Euro tumbled to 1.163 (-0.46%), following indices in the region. Investors are awaiting news of German coalition endgame. Pounds fell in-step with Euros.
  + Yuan fell to 0.150 (-0.6%) as investors are concerned about the state of the nation during trade dispute.
* **Commodities**
  + Wheat up 1.6% during London hours while other commodities fall. Brent Crude hit lows of 78.16 (-1.34%) after news that Trump calls for increased production. Gold edges down slightly as investors are favoring Treasuries in risk-off situations.
* **Facts and News**
  + On July 2, 1937, Amelia Earhart disappeared over the Pacific Ocean while attempting to fly around the world.
  + Over the weekend, Indiana police made a drug bust, reporting they seized “Trump-shaped ecstacy pills” in large quantities. The traffickers appeared to have used the media fame of the US President to boost their sales in the area.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 9:45 a.m. | **Markit US Manufacturing PMI**  Tracks sentiment among purchasing managers |  | 54.6 |  |
| 10:00 a.m. | **US Census Bureau Construction Spending MoM** | 0.4% | 1.8% |  |
| 10:00 a.m. | **ISM Manufacturing PMI** | 58.0 | 58.7 |  |
| 10:00 a.m. | **ISM Manufacturing Report on Business Prices Index** | 74.3 | 79.5 |  |
| 11:30 a.m. | **Auction: $35bb 4-week Bills** |  | 1.770% |  |
| 11:30 a.m. | **Auction: $48bb 3-month Bills** |  | 1.900% |  |
| 11:30 a.m. | **Auction: $42bb 6-month Bills** |  | 2.085% |  |
| **European Union** | | | | |
| 3:15 a.m. | **Markit Spain Manufacturing PMI** | 53.6 | 53.4 | 53.4 |
| 3:45 a.m. | **Markit Italy Manufacturing PMI** | 52.5 | 52.7 | 53.3 |
| 3:50 a.m. | **Markit France Manufacturing PMI** | 53.1 | 53.1 | 52.5 |
| 3:55 a.m. | **Markit Germany Manufacturing PMI** | 55.9 | 55.9 | 55.9 |
| 4:00 a.m. | **Markit Eurozone Manufacturing PMI** | 55.0 | 55.0 | 54.9 |
| 5:00 a.m. | **Eurozone Unemployment Rate (Eurostat)** | 8.5% | 8.5% | 8.4% |
| 8:50 a.m. | **Auction: France €3bb 3-month Bills** |  | -0.609% |  |
| 8:50 a.m. | **Auction: France €1bb 6-month Bills** |  | -0.604% |  |
| 8:50 a.m. | **Auction: France €800mm 1Y Bills** |  | -0.584% |  |

07/03/2018, as of 7:00 a.m. EST

* **Fixed Income**
  + TY traded 119-31+/120-06 during Asian session. Higher new US orders and export orders suggests investors have not lost confidence in US businesses. TY fell during London session to 119-31, with reports claiming this drop is attributable to President Trump’s upcoming deadline (Friday) to activate tariffs on Chinese goods worth $34b.
  + Bund futures traded 162.22/162.47 following Treasury slide late on Monday. Bobl and Schatz futures behaving similarly, with volumes running ~15% below 10-day average.
  + BTP trading up 0.4% to 128.18 on news of a small hedge fund making a public bet: that the newly formed populist government will be more pragmatic about migration and other political issues. Additionally, Italian Finance Minister Tria’s positive comments about cutting debt appeased investors.
  + Gilts down -0.3% on news that BoE’s Michael Saunders indicated rate hike acceleration is probable.
* **Equities**
  + US stock futures up 0.5% after rally during London session. S&P futures to 2738.00 (+0.4%), NASDAQ futures to 7154.5 (+0.53%), Dow futures to 24398.00 (+0.46%). Early closes for US equity markets on Wednesday made for light trade volumes, though the movement indicates general risk-on mood in markets.
  + European indices up nearly 1%, with telecommunications leading the rally (+1.90%), thanks to US move to block China Mobile from entering US market on national security grounds.
  + Hang Seng down to 28545 (-1.4%) on yuan losses, which have deteriorated 5% in the past two weeks on trade war concerns.
* **FX**
  + Euro up to 1.1651 (+0.1%), rebounding following news that German political gridlock has reached a momentary resolution.
  + Yuan fell and rebounded to +0.3% on news that China’s state-run banks will intervene in the currency’s precipitous fall.
  + Pound approaches 1.3200 during London hours (+0.3%) on news from BoE’s Saunders and positive UK Construction PMI data.
* **Commodities**
  + Wheat futures see 2.1% jump during London session as French wheat quality issues and output forecast drives global prices.
  + Brent Crude up 1% (74.85) on news that Saudi’s supply boost will likely not overcome output declines in Libya and Venezuela, leaving the market tighter than usual.
* **Facts and News**
  + On July 3, 1901, Butch Cassidy and his crew of Western outlaws, the Wild Bunch, committed their last American robbery, stealing $65,000 from a train in Montana.
  + A criminal in Philadelphia has been using dynamite to attempt to rob ATMs across the city. Thus far, he has not been successful, as the blasts caused structural damage to buildings but were ineffective in breaching the ATM safes. This is the fourth attempted robbery in the past month.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 10:00 a.m. | **US Manufacturers New Orders MoM** | 0.0% | -0.8% |  |
| 10:00 a.m. | **US Durable Goods New Orders MoM** | -0.5% | -0.6% |  |
| 10:00 a.m. | **US Capital Goods New Orders MoM** |  | -0.2% |  |
|  | **US Auto Sales, Total** | 17.00m | 16.81m |  |
| **European Union** | | | | |
| 2:45 a.m. | **France Budget Balance YTD** |  | -€54.3b | -€55.1b |
| 3:00 a.m. | **Spain Unemployment Level MoM** | -98.1 | -83.7 | -90.0 |
| 5:00 a.m. | **Eurozone PPI MoM** | 0.5% | 0.0% | 0.8% |
| 5:00 a.m. | **Eurozone PPI YoY** | 2.7% | 2.0% | 3.0% |
| 5:30 a.m. | **European Central Bank Main Refinancing Operation Result** |  |  |  |
| 5:30 a.m. | **Auction: UK to sell £2.5bb of 10Y Bonds** |  | 1.61% | 1.434% |

07/05/2018, as of 7:00 a.m. EST

* **Fixed Income**
  + TY down this morning during London session, 120-09/120-03, widening TY-Bund spread ~1bp to 254bp. FOMC minutes to be released today, causing investors to speculate. US-China trade tensions also run high, as Friday marks the deadline for $34b in tariffs to be imposed on Chinese exports. Uncertainty surrounding the event has made investors wary, made worse by China’s loud retaliation claims.
  + Bunds opened lower, after ECB policy makers express uneasiness with investors’ assumption that the next interest rate hike will be in December 2019. Mid-session DAX gains extended the slide.
  + Japan 10Y gained, moving from lows of 150.92 to 150.99 during Asian session, as EBC’s dovish outlook will likely keep European yields lower. Long-dated JGBs have rallied following high demand for Japan 30Y at auction this morning.
* **Equities**
  + US stock futures jumped during London session, as Asian investors were seen bracing for US-China tariff announcement in a large selloff. US indices broadly up 0.6%, moving inversely to Asian indices. Hang Seng (28182.09, -0.21%) was hit hardest by the finance sector, down 0.9%, as investors believe the region’s growing economy will struggle to cope with trade war costs. European markets followed the US rise amid reports that Trump may reverse auto tariffs if EU cuts levies on US cars. STOXX up 0.8% (383.09), DAX up 1.48% (12499.30), Italy up 1.52% (22014.41).
* **FX**
  + Euro on the rise, up 0.26% to 1.1687 following positive movement in European indices and ECB’s hike report. Yuan fell again, -0.08% to 0.15065 as investors brace for effects of looming tariffs. Yuan has experienced a precipitous 3.58% fall in the past month.
* **Commodities**
  + Brent Crude up 0.55% to 74.55, after reports that US crude inventories have declined for a fourth week. Silver down 0.8% to 15.9668 on overseas cues. Gold slipped as well, despite the softening dollar ahead of FOMC minutes release, indicating investors are either happy in their current wait-and-see mode or investors are wary about gold’s recession-protection ability.
* **Facts and News**
  + On July 5…
    - 1946, the bikini swimsuit made its debut in a Paris fashion show.
    - 1954, Elvis Presley recorded his first commercial record, “That’s All Right.”
    - 1996, Dolly the Sheep was born, marking the first recorded instance of a successful adult-cloning.
  + This week, a South African woman was pronounced dead following a car crash. She awoke in the morgue refrigerator several hours later, cold and confused. She is now making her recovery in a local hospital east of Johannesburg.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:15 a.m. | **ADP National Employment Report (Level Change)**  Measures the number of employees on business payrolls | 190k | 178k |  |
| 8:30 a.m. | **US Initial Jobless Claims**  Tracks number of individuals filing jobless claims for the first time | 225k | 227k |  |
| 8:30 a.m. | **US Continuing Jobless Claims** | 1,718k | 1,705k |  |
| 9:45 a.m. | **Bloomberg US Consumer Comfort Index (weekly)** |  | 57.3 |  |
| 9:45 a.m. | **Markit US Services PMI, Business Activity** | 56.5 | 56.5 |  |
| 2:00 p.m. | **US FOMC Meeting Minutes Released** |  |  |  |
| **European Union** | | | | |
| 12:30 a.m. | **Netherlands CPI MoM** | -0.3% | 0.3% | -0.3% |
| 12:30 a.m. | **Netherlands CPI YoY** | 1.7% | 1.7% | 1.7% |
| 2:00 a.m. | **Germany Industrial Factory Orders MoM** | 1.1% | -2.5% | 2.6% |
| 2:00 a.m. | **Germany Manufacturing Orders YoY** | 1.7% | -0.1% | 4.4% |
| 3:00 a.m. | **Spain Industrial Production YoY** |  | 11.0% | 1.6% |
| 3:30 a.m. | **Markit Germany Construction PMI** |  | 53.9 | 53.0 |
| 4:10 a.m. | **Markit Italy Retail PMI** |  | 47.3 | 48.5 |
| 4:10 a.m. | **Markit France Retail PMI** |  | 50.7 | 48.1 |
| 4:10 a.m. | **Markit Germany Retail PMI** |  | 55.5 | 57.1 |
| 4:10 a.m. | **Markit Eurozone Retail PMI** |  | 51.7 | 51.8 |
| 4:30 a.m. | **Auction: Spain to sell €960mm 10Y Bonds** |  | 1.406% | 1.580% |
| 4:45 a.m. | **Auction: Spain to sell €1.565bb 3Y Bonds** |  | -0.037% | -0.098% |
| 4:45 a.m. | **Auction: Spain to sell €1.307bb 20Y Bonds** |  | 2.167% | 2.216% |
| 4:50 a.m. | **Auction: France to sell €4.248bb 10Y Bonds** |  | 0.900% | 0.67% |
| 4:50 a.m. | **Auction: France to sell €1.345bb 15Y Bonds** |  | 1.080% | 1.040% |
| **Rest of World** | | | | |
| 9:00 a.m. | **Russia Gold and Forex Reserve Assets** |  | $456.3b |  |
| 7:30 p.m. | **Japan Household Spending YoY** | -1.5% | -1.3% |  |
| 7:50 p.m. | **Japan Official Reserve Assets** |  | $1,255b |  |
| 10:00 p.m. | **Hong Kong Foreign Currency Reserve Assets** |  | $432.1b |  |
| 10:30 p.m. | **Auction: China to sell ¥6bb 3Y Bonds** |  |  |  |
| 10:30 p.m. | **Auction: China to sell ¥11.29bb 5Y Bonds** |  |  |  |
| 10:30 p.m. | **Auction: China to sell ¥11.29bb 7Y Bonds** |  |  |  |
| 10:30 p.m. | **Auction: China to sell ¥6bb 10Y Bonds** |  |  |  |

07/06/2018, as of 7:00 a.m. EST

* **Fixed Income**
  + TY little changed after Fed minutes release, though some investors speculate continued yield curve flattening could nudge FOMC back to a December hiking pause. Reports of increased demand from pension funds looking to take advantage of temporary tax savings has stifled yields on long-dated Treasuries, as pensions have had particular appetite for stripped 10Y and 30Y. TY dipped around 12 a.m., when the US-imposed tariffs on $34b of Chinese goods were officially enacted; China threatened to retaliate. TY saw 4-tick jump during London hours to 120-11, trading in range until US open. In turn, China 10Y futures fell 0.25%, 96.035/95.500.
  + Bunds up 0.04% on the day, moving tightly with bobl and schatz futures. BTP moved 127.04/127.75, up 0.35% on news that Italian Finance Minister Giovanni Tria enacts spending cut of €33b over next 3 years.
* **Equities**
  + US stock futures realize jump during Asian session, falling back to opening levels through London hours. European indices remain largely unchanged through session, as 1.1% losses in oil/gas pares STOXX gains in media (+0.77%) and utilities (+0.66%). Asian stocks rebounded after futures were trading down, with Hang Seng closing at 28315.62 (+0.47%) and Shanghai closing 2747.23 (+0.49%), showing Asian investors are responding well to calmly imposed tariffs. Nikkei finished at 21783.75 (+1.12%) following a four-day losing streak.
* **FX**
  + Euro up to 1.171 (+0.16%), pound to 1.3238 (+0.12%) as EU Chief Brexit negotiator Michel Barnier speaks in Brussels. Yuan dipped overnight, but rebounded nicely, down 0.14% on the day. Speed of yuan weakening may imply trade tension is unwelcome, while PBOC continues to drain yuan via open-market operations.
* **Commodities**
  + Brent Crude down nearly 1% to 76.66 on news that Saudi output surged to 10.49m barrels per day last month, and nationwide crude build last week. Gold (1254.995) and silver (16.0136) down 0.23%, a curious outcome following tariff enactment, likely due to US traders’ interest in non-farm payroll numbers to be released later today. Soybeans, up to 857 (+0.15%) saw a gain after being the focus of China’s potential retaliatory tariffs.
* **Facts and News**
  + On July 6, 1944, the “World’s Largest Circus Tent” of Ringling Brother’s – Barnum & Bailey Circus, caught fire when inept fire-eaters gave what was likely an underwhelming performance.
  + An anonymous patron bought $1mm worth of toys from a Toys “R” Us in North Carolina, donating them all to children in the area. Employees spent their last day at the store boxing up the toys for delivery, requiring shipments from other locations to fulfill the order request.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Trade Balance of Goods and Services** | -$43.7b | -$46.2b |  |
| 8:30 a.m. | **US Employees on Non-farm Payrolls Change MoM** | 195k | 223k |  |
| 8:30 a.m. | **US Unemployment Rate** | 3.8% | 3.8% |  |
| 8:30 a.m. | **US Average Hourly Earnings Change MoM** | 0.3% | 0.3% |  |
| 8:30 a.m. | **US Average Hourly Earnings Change YoY** | 2.8% | 2.7% |  |
| **European Union** | | | | |
| 2:00 a.m. | **Germany Industrial Production MoM** | 0.3% | -1.0% | 2.6% |
| 2:00 a.m. | **Germany Industrial Production YoY** | 1.5% | 2.0% | 3.1% |
| 2:45 a.m. | **France Trade Balance** | -$5.05b | -$4.95b | -$6.01b |
| 4:00 a.m. | **Italy Retail Sales YoY** |  | -4.6% | 0.4% |
| 4:30 a.m. | **Bank of Italy Report on Balance-Sheet Aggregates** |  |  |  |
| 6:00 a.m. | **Auction: UK to sell £2bb 6-month Bills** |  |  | 0.658% |
| 6:00 a.m. | **Auction: UK to sell £1.5bb 3-month Bills** |  |  | 0.605% |
| 6:00 a.m. | **Auction: UK to sell £1.5bb 1-month Bills** |  |  | 0.54% |
| **Rest of World** | | | | |
| 2:30 a.m. | **Australia Foreign Reserves Assets** |  | A$82.5b | A$75.8b |
| 8:00 a.m. | **Brazil Inflation IPCA MoM** | 1.28% | 0.40% | 1.26% |
| 8:00 a.m. | **Brazil Inflation IPCA YoY** | 4.40% | 2.86% | 4.39% |
|  | **Russia CPI MoM** | 2.2% | 2.4% |  |
|  | **Russia CPI YoY** | 0.4% | 0.4% |  |

07/09/2018, as of 7:00 a.m. EST

* **Fixed Income**
  + TY down 4 ticks in Asian session, down 3 ticks in London session, trading 120-12+/120-05 on the day. Investors look to $22b 10Y auction on Wednesday, and are still interpreting the direction of Powell’s Fed. TY drop corresponded to rise in yuan and Asian equities, taking the cue from Friday’s rally in US stocks. Front-end of curve outperforming marginally, as upside for Treasuries are capped by increase in European peripheral debt.
  + Bund futures opened lower, sliding early (162.51/162.41) and stabilizing through London session. Gilts fell (123.11/122.80), with yields rising across the UK sovereign curve. David Davis, Chief Brexit negotiator, resigned on Sunday in protest over UK Prime Minister May’s plan for UK to maintain close ties to the EU after Brexit, leaving May to contain a crisis in her government.
  + JGBs stabilized near end of session, with long-end yields settling around 18-month lows.
* **Equities**
  + US futures up 0.5% during Asian session, steady through London session. US jobs report on Friday offset trade war concerns, and news of US company share repurchases reaching new highs pushed equities higher. Indices in Europe pushed higher, settling up 0.4%. STOXX to 384.31 (0.51%) led by natural resources (+1.2%) and retail (+1.5%), hindered by utilities (-0.25%) and autos (-0.4%).
  + Hang Seng to 28758 (+1.57%) as Asian investors take cues from US equities’ Friday session, led by commercial and industrials (+2.14%). Shanghai following suit, to 2815 (+2.5%), marking some of its largest gains since 2016. Nikkei to 22052 (+1.21%).
* **FX**
  + Euro up to 1.1772 (+0..22%) as Draghi’s testimony to European Parliament may provide updated views on inflation in the region. Pound up 1.3335 (+0.4%) as UK government was seen averting a potentially debilitating leadership battle. Yuan gained steadily to 0.15114 (+0.4%), indicating investors may be putting aside trade war concerns in the wake of Friday tariff enactment.
* **Commodities**
  + Gold to 1264.905 (+0.75%) and silver to 16.1882 (+0.88%), following yuan rebound and weakening dollar. Corn, wheat, soybeans all fall 1.1% on news that Russian wheat exports climbed 50% YoY; traders also taking profits after the sharp rally on Friday.
* **Facts and News**
  + On July 9, 1997, boxer Mike Tyson was temporarily banned from boxing after biting off the ear of his opponent, Evander Holyfield.
  + A Lithuanian couple won the 23rd World Wife-Carrying Championship in Sonkajarvi, Finland on Friday. The event really is as wild as it sounds.

**Economic Events**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Time** | | **Event** | **Survey** | **Prev.** |  | **Actual** |
|  | **United States** | | | | | |
| 3:00 p.m. | | **US Fed Consumer Credit Net Change** | $12.0b | $9.26b |  |  |
| 11:30 a.m. | | **Auction: US sells $48bb 3-Month Bills** |  | 1.940% |  |  |
| 11:30 a.m. | | **Auction: US sells $42bb 3-Month Bills** |  | 2.085% |  |  |
|  | **European Union** | | | | | |
| 2:00 a.m. | | **Germany Trade Balance** | €20.0b | €20.4b |  | €19.7b |
| 2:30 a.m. | | **Bank of France Business Industry Sentiment Indicator**  Results of survey based on “representative sample” of businesses | 100 | 100 |  | 101 |
| 4:30 a.m. | | **Eurozone Sentix Investor Confidence** | 9.0 | 9.3 |  | 12.1 |
| 5:30 a.m. | | **Auction: Germany to sell €2bb 6-Month Bills** |  | -0.617% |  | -0.6199% |
| 8:50 a.m. | | **Auction: France to sell €3bb 3-Month Bills** |  | -0.604% |  |  |
| 8:50 a.m. | | **Auction: France to sell €0.8bb 12-Month Bills** |  | -0.570% |  |  |
| 8:50 a.m. | | **Auction: France to sell €1bb 6-Month Bills** |  | -0.598% |  |  |
|  | **Rest of World** | | | | | |
| 7:00 a.m. | | **Brazil FGV General Price Index, Inflation MoM** | 1.57% | 1.64% |  | 1.48% |
| 9:00 a.m. | | **Mexico CPI MoM** | 0.34% | -0.16% |  |  |
| 9:00 a.m. | | **Mexico CPI YoY** | 4.60% | 4.51% |  |  |
| 7:50 p.m. | | **Japan Money Stock (M3) YoY** | 2.7% | 2.7% |  |  |
| 9:30 p.m. | | **China PPI YoY** | 4.5% | 4.1% |  |  |
| 9:30 p.m. | | **China CPI YoY** | 1.9% | 1.8% |  |  |
| 11:30 p.m. | | **Auction: Japan to sell 5Y Bonds** |  | -0.113% |  |  |

07/10/2018, as of 7:00 a.m. EST

* **Fixed Income**
  + TY traded 120-01/120-04+ over Asian and London sessions. TY traded down in Asian session, moving inversely with US futures and Asian indices. CFTC positioning data shows increased speculative shorting activity in TY and Eurodollar futures despite recent Treasury rally, highlighting the trending growth in trading volume and depth in the US debt market. 5000-contract TY screen trade at 120-02 moved the needle mid-session. Investors will look to jobs and labor data to be released today for US session.
  + German sovereign curve little changed (162.56/162.26) on EFSF news, 10Y bund sale on Wednesday, and media reports that ECB could reinvest maturing bond proceeds into longer-dated debt to maintain its duration. Bund futures mostly unaffected by recent criticism of ECB’s QE program, which is coming under scrutiny. Gilts down at start of London session (123.17/122.84) after late-Monday rally on UK foreign secretary Boris Johnson’s loud departure. UK financial benchmarks released today keeps BoE on track to raise rates in August. BTP futures rallied and fell to opening levels, spurred by speculation surrounding Italy’s potential inability to absorb higher debt financing costs due to increased interest rates and the end of ECB’s QE program.
* **Equities**
  + US futures spike during Asian session, with NASDAQ futures moving to 7331.50 (+0.4%) led by movements in the oil industry. Investors interested in earnings reports later this week. European indices advanced alongside US futures, with STOXX to 385.98 (+0.36%), DAX to 12589 (+0.37%) and CAC40 to 5426 (+0.53%); Oil&Gas stocks up 1.43%, industrials up 1.02%, pared by telecommunications down 0.4% and natural resources down 0.55%. Asian indices mixed, with Hang Seng showing unchanged, Nikkei to 22196 (+0.66%) and Shanghai to 2827.625 (+0.44%). PetroChina contributed most to Shanghai gains, advancing on general optimism on Wall Street.
* **FX**
  + Euro took a hit, moving to 1.1697 (-0.46%) as German economic sentiment was impaired. Pound (1.3231; -0.21%) affected by political uneasiness surrounding Prime Minister May. Yen down 0.44%, negatively affected by the absence of US-China trade tensions, damping demand for the haven currency. Yuan down 0.25%, affected by large USD gains and language from Chinese government that authorities are keen to reduce USDCHN volatility.
  + Pound up
  + Yuan
* **Commodities**
  + Brent Crude advances to 79.02 (+1.22%) on news that US crude stockpiles are shrinking and supply disruptions emerging from Lybia and Iran, moving oil to near its 2014-highs. Wheat fell to 498.75 (-1.92%) on news that France has seen a larger wheat crop, with corn (-0.81% ) following the decline. Gold declines to 1250.1799 (-0.79%) as investors are more optimistic about market conditions and USD posts gains.
* **Facts and News**
  + On July 10, 1985, the Coca-Cola Company announced it would bring back its original formula, calling it “Coca-Cola Classic,” after a worldwide public outcry and falling sales of “new Coke.”
  + Recent studies indicate pharma companies often hire FDA staffers who managed their successful drug reviews, sparking a conflict-of-interest debate in the industry. 15 of the 26 employees who left the hematologyoncology board in 2016 later worked in the biopharmaceutical industry. In line with these concerns, regulators are under scrutiny for pay-later conflicts of interest, where companies pay consulting or associated research fees to regulators after successful drug reviews.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 6:00 a.m. | **NFIB Small Business Optimism Index** | 105.8 | 107.8 | 107.2 |
| 10:00 a.m. | **US Job Openings, JOLTS Total** | 6660 | 6698 |  |
| 11:30 a.m. | **Auction: 4-Week Bills** |  | 1.860% |  |
| 1:00 p.m. | **Auction: $33bb 3Y Notes** |  | 2.664% |  |
| **Europe** | | | | |
| 2:45 a.m. | **France Industrial Production YoY** | 0.4% | 2.1% | -0.9% |
| 4:00 a.m. | **Italy Industrial Production YoY** | 2.8% | 1.9% | 2.1% |
| 4:30 a.m. | **UK Trade Balance** | -£3400 | -£5280 | -£2790 |
| 4:30 a.m. | **UK Industrial Production YoY** | 1.9% | 1.8% | 0.8% |
| 5:00 a.m. | **Germany ZEW Survey, Expectation of Economic Growth** | -18.9 | -16.1 | -24.7 |
| 5:00 a.m. | **Eurozone ZEW Survey, Expectation of Economic Growth** |  | -12.6 | -18.7 |
| 5:30 a.m. | **European Central Bank Main Refinancing Operation Result** |  |  |  |
| **Rest of World** | | | | |
| 2:00 a.m. | **Japan Machine Tool Orders YoY** |  | 14.9% | 11.4% |
| 9:00 a.m. | **Russia Current Account Balance** | $27.68b | $30.83b |  |
| 7:30 p.m. | **Japan PPI YoY** | 2.8% | 2.7% |  |
| 9:30 p.m. | **Australia Home Loans MoM** | -2.0% | -1.4% |  |
| 11:00 p.m. | **Auction: China to sell ¥29bb 2Y Bonds** |  |  |  |
| 11:00 p.m. | **Auction: China to sell ¥37bb 5Y Bonds** |  |  |  |

07/11/2018, as of 7:00 a.m. EST

**Fixed Income**

* TY jumped early in Asian session, trading 120-06/120-12+ on the day, with TY volumes at 200% of their 10-day average. News outlets focused on the impact of President Trump’s next China-tariff proposal, a plan to pin 10% duties on $200bb of goods; the proposal will face a two-month review, with meetings taking place in mid-to-late August. Market risk appetite eroded with this news, with global equities sliding and bonds on the rise. Massive TY short positions, reaching record highs yesterday, look vulnerable in the uptick. The Fed will consider the long-term impact of tariffs—the threat to global growth—in addition to the short-term inflationary impact.
* Bunds up, touching 162.79 during London session, with a narrowing 2Y-30Y spread, supported by a German equities decline and global risk-off sentiment. In the UK bond market, traders believe bonds are poised to fall if Prime Minister May remains in office, as she is pushing for a business-friendly Brexit which would lower demand for government debt. OAT futures up 0.14%, trading 154.81/154.98 on the day, following gilt movement.
* Riskier bond funds are heavily positioned for rising interest rates, with some funds sporting a negative average duration. However, trade tensions (and a stronger dollar) have killed the EM rally and negated the European growth thesis, leaving some of these funds holding massive positional bets which require yields to end higher than this year’s peak to pay off.

**Equities**

* Global decline in equities this morning, with US futures taking an early hit in Asian session. NASDAQ futures to 7243 (-0.8%), S&P futures to 2779 (-0.63%) due to decreasing market interest in risky business impacted by tariffs. European indices reacted to the sentiment was well, with STOXX to 382.38 (-1%), DAX to 12467 (-1.1%) and FTSE MIB to 21769 (-1.3%). STOXX Resources index took the biggest hit, down 3.02% today, followed closely by 1.78% decline in Oil&Gas index. Hang Seng finished at 28311 (-1.3%), Shanghai to 2777 (-1.75%) and Nikkei to 21932 (-1.19%) following the rest of global equities indices.

**FX**

* Euro to 1.1712 (-0.27%), Pound to 1.3250 (-0.19%) due to the strengthening dollar. Yuan down 0.67% as trade-war concerns escalate, hitting 11-month low of 0.14986. China’s Vice Minister of Commerce Wang Shouwen claims China will not yield to threats or blackmail, calling the US a “trade bully” and vowing to retaliate against the Trump administration’s new tariff plan.

**Commodities**

* Global commodities markets took a hit this morning. Brent Crude to 77.09 (-2.12%) on worries that a global trade war will dampen economic growth and thus demand. Gold to 1250.67 (-0.39%) and silver to 15.9395 (-0.68%), an odd development in a massively risk-off environment which has some investors worried that investors may no longer see the metal as the haven it once was. Soybeans down 1.7%, wheat down 1.5%, corn down 1.1% on news that new tariffs will greatly decrease the amount of soy China will be importing from the US.

**Facts and News**

* On July 11, 1804, US Vice President Aaron Burr and former Secretary of the Treasury Alexander Hamilton had a duel to end their longstanding personal feud. Hamilton shot first and missed, and Burr responded by mortally wounding Hamilton, who died the next day. As the practice was outlawed in the US, Burr was indicted for murder, but was later acquitted.
* Over the course of nine years, Texan Gilberto Escamilla illegally used funds from a county juvenile detention center to buy more than $1.2mm of fajitas for resale and personal consumption. “It started out small and got bigger and out of control,” said Escamilla, “it got to the point where I couldn’t control it anymore.”

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 7:00 a.m. | **MBA Mortgage Applications** |  | -0.5% | 2.5% |
| 8:30 a.m. | **PPI Final Demand MoM** | 0.2% | 0.5% |  |
| 8:30 a.m. | **PPI Final Demand YoY** | 3.1% | 3.1% |  |
| 10:00 a.m. | **Wholesale Inventories MoM** | 0.5% | 0.5% |  |
| 1:00 p.m. | **Auction: $22bb 10Y Notes (reopening)** |  | 2.962% |  |
| **Europe** | | | | |
| 5:00 a.m. | **Auction: Italy to sell €6bb 1Y Bills** |  | 0.550% | 0.337% |
| 5:30 a.m. | **Auction: Germany to sell €4bb 10Y Bonds** |  | 0.48% | 0.36% |
| **Rest of World** | | | | |
| 12:30 a.m. | **Japan Tertiary Industry Index** | -0.3% | 1.0% | 0.1% |
| 9:00 a.m. | **Russia CPI WoW** |  | 0.2% |  |
| 10:00 a.m. | **Bank of Canada Rate Decision** | 1.50% | 1.25% |  |
|  | **South Korea 7-Day Repo Rate** | 1.50% | 1.50% |  |
| 11:35 p.m. | **Auction: Japan to sell 20Y Bonds** |  | 0.503% |  |

07/12/2018, as of 7:00 a.m. EST

**Fixed Income**

* TY declined steadily in both sessions, trading between 120-08/120-01+. Yields ~0.5-1.0bp higher around the belly of the curve, with 2Y30Y spread -1bp to 36.1bp. Volumes roughly 60% of 10-day average, casting doubt on the growth and inflation optimism underpinning TY short positions. Officials from US and China may resume bilateral negotiations, with China calling on the US in the wake of newly proposed tariffs on nearly $200bb of Chinese goods.
* Bunds opened lower and remained largely unchanged, trading 162.65/162.45, with steady sovereign curve. BTPs returning to opening levels after dropping mid-session, though long-dated yields up ~2-3bp and 1Y yields up +9.5bp. Gilts up slightly, OATs down.
* Powell’s Fed will have to decide if short-term inflation from tariffs is purely transitory, and whether to take a more dovish policy path than projected. Determining Investors will be interested in the US economic data and 30Y Bond auction results being released today.

**Equities**

* US futures rallied 0.5% near end of Asian session. NASDAQ futures to 7290 (+0.5%), S&P futures to 2790 (+0.6%), Dow futures to 24872 (+0.74%), likely spurred by rally in Asian equities. European indices followed suit, up 0.7% across the board and climbing. STOXX to 383.69 (+0.6%) led by Media (+1.78%) and Healthcare (+1.46%) with Oil&Gas lingering unchanged. Hang Seng to 28480 (+0.6%) led by Finance sector, Shanghai to 2837.66 (+2.16%) led by ICBC and Foxconn. Asian investors relieved by central bank setting stronger daily currency fixing and potential US-China negotiations to relieve trade tensions.

**FX**

* Yen “dethroned from safe-haven perch” according to recent reports, trading down 0.52% on the day. Traders are baffled at the development, as the slide coincided with understandable weakness in other currencies against the dollar. Euro and pound down 0.1% on strengthening dollar.

**Commodities**

* Brent crude rose during London session, correcting slightly and settling in around 74.22 (+1.16%). Global output disruptions and renewed US sanctions on Iran have some preparing for a supply crunch. Wednesday’s oil selloff was potentially algorithm-driven, so rebound could be viewed as correction. Silver up 0.3%, gold up 0.15%, strengthening as yen slides.

**Facts and News**

* On July 12, 1962, the Rolling Stones performed for the first time as a group at the Marquee Club in London.
* Christopher Columbus High School, a private all-boys Catholic school in Miami, brought a live tiger to prom. The event, themed “King of the Jungle,” also included a lemur, a parrot, and a fox. A large number of poorly-worded posts, grainy photographs, and grammatically incorrect tweets caused the spectacle to go viral, and the high school administration is now catching heat in the aftermath.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Initial Jobless Claims** | 225k | 231k |  |
| 8:30 a.m. | **US Continuing Jobless Claims** | 1730k | 1739k |  |
| 8:30 a.m. | **US CPI MoM** | 0.2% | 0.2% |  |
| 8:30 a.m. | **US CPI YoY** | 2.9% | 2.8% |  |
| 9:45 a.m. | **Bloomberg Consumer Comfort Index** |  | 57.6 |  |
| 2:00 p.m. | **US Monthly Budget Statement** | -$80.0b | -$146.8b |  |
| 1:00 p.m. | **Auction: $14bb 30Y Bonds** |  | 3.100% |  |
| **Europe** | | | | |
| 2:00 a.m. | **Germany CPI MoM** | 0.1% | 0.1% | 0.1% |
| 2:00 a.m. | **Germany CPI YoY** | 2.1% | 2.1% | 2.1% |
| 2:45 a.m. | **France CPI MoM** | 0.1% | 0.1% | 0.0% |
| 2:45 a.m. | **France CPI YoY** | 2.1% | 2.1% | 2.0% |
| 4:30 a.m. | **Bank of England Credit Conditions & Bank Liabilities Surveys** |  |  |  |
| 5:00 a.m. | **Eurozone Industrial Production MoM** | 1.2% | -0.9% | 1.3% |
| 5:00 a.m. | **Eurozone Industrial Production YoY** | 2.4% | 1.7% | 2.4% |
| 5:00 a.m. | **Auction: Italy to sell €2bb 3Y Bonds** |  | 1.16% | 1.10% |
| 5:00 a.m. | **Auction: Italy to sell €2bb 7Y Bonds** |  | 2.37% | 2.31% |
| 5:00 a.m. | **Auction: Italy to sell €1.25bb 15Y Bonds** |  | 2.38% | 3.04% |
| 5:00 a.m. | **Auction: Italy to sell €1.25bb 20Y Bonds** |  | 2.59% | 3.28% |
| **Rest of World** | | | | |
| 9:00 a.m. | **Russia Gold and Forex Reserve Total** |  | $455.5b |  |
|  | **China Trade Balance** | $27.72b | $24.92b |  |
|  | **China Exports YoY** | 9.5% | 12.6% |  |
|  | **China Imports YoY** | 21.3% | 26.0% |  |
| 11:30 p.m. | **Auction: Japan to sell 3M Bills** |  | -0.138% |  |

07/13/2018, as of 7:00 a.m. EST

**Fixed Income**

* TY up 4 ticks in London session (120-05/120-09) ahead of US economic data to be released this morning. Treasury futures experience a volume dip, ~50% of 10-day averages. 2s30s shrinks to 35.2bp (-0.5bp).
* Bunds on the rise, 162.67/163.13 on the day, flattening on the long-end of the curve (2s30s -2.1bp). EGBs seem to broadly be rallying overnight. Movement influenced by large bearish bund package-trade, on cautious comments from EU policymakers regarding future rate increases. Investors are concerned the late-May bund yield drop could be revisited if global trade disputes continue. US/DE 10Y spread +2bps to 251.5bp, JPY/DE 10Y spread +3bps to -29.3bp.
* Gilt futures up 123.15/123.49, reacting to Trump’s tweet warning a soft Brexit would “kill” any future US-UK trade deals. UK sovereign curve ~2-3bp lower, with largest dip seen in mid-dated securities.
* BTP 10Y on the rise, moving steadily 127.91/128.51, as investors hold risk-on mood. Auction demand stronger on front-end of curve. Investors seem less concerned about Italy’s radical parliamentary structure dropping the euro.

**Equities**

* US futures up ~0.4% in Asian session, falling to opening levels over London session. Investors took risk-on stance this morning, as evidenced by lower sovereign curves and currency movements, along with relatively little movement in equities indices. STOXX to 385.30 (+0.2%), led by Industrials (+0.8%) and Autos (+0.5%), restrained by Resources (-0.5%) and Telecom (-0.6%). Hang Seng up 0.16%, Shanghahi down 0.23%, as investors remain wary of US-China trade relations. Nikkei up to 22597.35 (+1.85%), as Japan’s status as an exporting nation is bolstered in worrisome trade climate.

**FX**

* Euro moves to 1.1628 (-0.37%) on dollar strengthening and below-average liquidity. Pound falls 0.5% to 1.313 on soft Brexit and US-UK relationship concerns. Yuan continues its slide, down 0.5% to 0.1493 as investors are perpetually concerned about the country’s ability to support its currency during trade spat.

**Commodities**

* Commodities down across the board, with the exception of wheat (488.5, +0.83%), as Russia sees 2018-2019 wheat harvest projections fall. Brent Crude moves to 73.93 (-0.7%) on trade war fears and concerns over Lybia’s decision to boost output over the next week. Gold down to 1241.53 (-0.5%) and silver down to 15.8132 (-0.9%) on strengthening dollar, the fourth weekly drop of the past five.

**Facts and News**

* On July 13, 1930, the first World Cup competition began in Montevideo, Uraguay.
* An archives director in the Spanish government was recently terminated for misconduct. The unnamed man would arrive at work in the morning, clock in, and then leave for the day. He would return to clock out at the end of the work day, and was paid for his services for over a decade. He is now barred from government work for several years.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Import Prince Index MoM** | 0.1% | 0.6% |  |
| 8:30 a.m. | **US Import Price Index YoY** | 4.6% | 4.3% |  |
| 10:00 a.m. | **University of Michigan Sentiment Index** | 98.0 | 98.2 |  |
| **Europe** | | | | |
| 2:00 a.m. | **Germany Wholesale Price Index MoM** |  | 0.8% | 0.5% |
| 2:00 a.m. | **Germany Wholesale Price Index YoY** |  | 2.9% | 3.4% |
| 4:30 a.m. | **Italy General Government Debt** |  | €2311b | €2327b |
| 6:00 a.m. | **Auction: UK to sell £2bb 3M Bills** |  |  | 0.648% |
| **Rest of World** | | | | |
| 12:30 a.m. | **Japan Industrial Production MoM** |  | -0.2% | -0.2% |
| 12:30 a.m. | **Japan Industrial Production YoY** |  | 4.2% | 4.2% |

07/16/2018, as of 7:00 a.m. EST

**Fixed Income**

* TY steady over Asian hours, dropping 3 ticks (120-11+/120-08+) after London open. The curve remains little changed, with 2s30s steady at 35.1bp and little relative movement in short-term yields. Volumes are low, ~65% of 10-day averages. Investors may be taking a cautious stance ahead of today’s US-Russia summit. Jerome Powell is expected to speak in front of the Senate Banking Committee and the House Financial Services Committee—on Tuesday and Wednesday, respectively—regarding the state of the economy. Reports believe this is to lay the groundwork for further tightening.
* German sovereign curve largely steady, with largest movement at the near-end of the curve. Bund futures down during London trading on poor volume, rebounding now as activity picks up. Gilts, OATs stabilizing. BTP 2Y and 3Y yields fell ~3bp, 10Y rising ~1.5bp. The ECB has funneled ~€1T to Italy and Spain through the TARGET2 payment settlement system, exposing Bundesbank to credit risk which would be realized if the monetary union were to experience turbulence; German savers are highly exposed to the risk of an Italian debt default.
* AMP Capital, an Australian investment manager, loudly announced its plan to increase 30Y holdings to hedge against an unknown outcome in the US-China dispute. They have also shorted 2Y government notes, anticipating two more rate hikes from the Fed this year and three in 2019.

**Equities**

* US futures mostly steady, with NASDAQ futures to 7401.75 (+0.12%) and S&P futures unchanged. Investors seem to be cautious ahead of upcoming US economic data and the US-Russia summit. European indices down slightly, with STOXX to 384.33 (-0.18%) and FTSE100 to 7600.95 (-0.8%) after UK government spokesman James Slack made comments on Brexit plans, ruling out a second referendum. Telecom (-0.84%) and Natural Resources (-0.65%) are among the biggest losers. Shanghai down 0.61% (2814.04) on poor performance in property companies. Nikkei to 22597 (+1.85%) on weaker yen performance and gains in textiles and pharma.

**FX**

* Euro up to 1.1719 (+0.26%) as dollar weakens, investors expecting a slowdown in US retail sales data. Pound to 1.3289 (+0.5%), nearly erasing last week’s losses, on a weakening dollar and Brexit news. Yuan up 0.2%, as reports noting fluctuations in yuan prices are highly correlated to market sentiment.

**Commodities**

* Crude on the decline, down 2.1% to 73.80 on increased supply from Saudi Arabia and easing concerns over supply disruptions in Lybia. Metals steady as investors view the havens more favorably in times of dollar weakening.

**Facts and News**

* On July 16, 1969, Apollo 11 took off on the first manned flight to the moon.
* Last Sunday, a burglar in Washington broke into an “escape room” for a quick cash robbery. Quite ironically, the damage he caused breaking into the building made it impossible for him to escape. He called police to save him, and now faces a second-degree burglary charge.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Empire State Manufacturing Index, General Business Conditions** | 20.0 | 25.0 |  |
| 8:30 a.m. | **US Retail Sales Advance MoM** | 0.6% | 0.8% |  |
| 10:00 a.m. | **US Business Inventories** | 0.4% | 0.3% |  |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 1.945% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.100% |  |
| **Europe** | | | | |
| 2:30 a.m. | **Eurozone Bloomberg July Economic Survey** | - | - | - |
| 2:35 a.m. | **Germany Bloomberg July Economic Survey** | - | - | - |
| 2:40 a.m. | **France Bloomberg July Economic Survey** | - | - | - |
| 2:45 a.m. | **Italy Bloomberg July Economic Survey** | - | - | - |
| 3:30 a.m. | **UK Bloomberg July Economic Survey** | - | - | - |
| 5:00 a.m. | **Eurozone Trade Balance** | €17.5b | €18.1b | €16.9b |
| 8:50 a.m. | **Auction: France to sell €3.3bb 3M Bills** | - | -0.576% |  |
| 8:50 a.m. | **Auction: France to sell €1.1bb 6M Bills** | - | -0.564% |  |
| 8:50 a.m. | **Auction: France to sell €1bb 12M Bills** | - | -0.558% |  |
| **Rest of World** | | | | |
| 10:00 p.m. | **(previous day) China GDP YoY** | 6.7% | 6.8% | 6.7% |
| 10:00 p.m. | **(previous day) China Industrial Production YoY** | 6.5% | 6.8% | 6.0% |
|  | **Russia Industrial Production YoY** | 3.2% | 3.7% |  |

07/17/2018, as of 7:00 a.m. EST

**Fixed Income**

* TY traded 120-01/120-06 on the day, dipping during Asian session but rebounding to opening levels after London open, settling near unchanged. Little TY activity precipitated by Powell’s semiannual monetary policy report for the Senate Banking Committee, the results of which are expected this morning. Reports have indicated the meeting will result in further tightening, primed by a yesterday’s curve steepening.
* Bunds edge unsteadily higher, reaching highs of 162.79 before paring gains, but trading poorly at ~70% of average daily volume. BTPs make a rally, as continued carry demand boosts the front-end. The entire Italian sovereign curve shifts lower, with 5Y yields -7.5bp, 10Y -6.5bp, 30Y -3bp. The move be linked to a political climate more conducive to progression, as immigration issues are stabilizes the market. Italian Finance Minister Giovanni Tria will be visiting East Asia—with China as his focus—to promote investment in BTPs over Spanish government bonds. Gilts edge slightly higher, with BoE governor Mark Carney indicating his willingness to cooperate with PM May on a reasonable Brexit deal if it allows him to fulfil his statutory responsibilities.

**Equities**

* US futures unsteady over the day as investors await the results of Powell’s presentation to the Senate. Earnings reports have rocked equity markets, with minimal effect on fixed income products. All eyes were on Netflix yesterday, and investors look to key banks today. European indices edged higher before slumping, falling in line with US equities; STOXX once again hurt by Telecom (-1.54%) and Household Products (-0.78%) lagging. Japan equities rose after their holiday, but other Asian indices suffered, with Hang Seng to 28181 (-1.25%) and Shanghai to 2798 (-0.57%) due to poor performance in autos, chemicals, and oil.

**FX**

* Euro, pound, yuan unchanged after a relatively light day. Yen down 0.2% with low volumes, weakness materializing against USD and EUR despite rising trade concerns. Dollar-yen rate is less volatile after its movement last week.

**Commodities**

* Wheat edging higher to 494 (+1.2%), as a worsening wheat crop in EU and Russia impacts supply. Corn also advanced to 358.5 (+1%) on worsening US crop. EU looking to capitalize on first Russian exports drop in six years, but is unable to recapture its market share. Brent settling around 72.10, unchanged on the day.

**Facts and News**

* On July 17, 1954, Chancellor of Germany Angela Merkel was born in then-West Germany.
* This weekend, a man in Florida was pulled over for erratic driving. While slurring his words, the man explained he was only taking drinks from the bottle of Jim Beam in his passenger seat while he was at stop signs and traffic lights, and therefore was not drinking and driving. He was arrested.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 9:15 a.m. | **US Industrial Production MoM** | 0.5% | -0.1% |  |
| 9:15 a.m. | **US Capacity Utilization** | 78.2% | 77.9% |  |
| 10:00 a.m. | **NAHB Housing Market Index** | 68 | 68 |  |
| 10:00 a.m. | **Powell to deliver Semi-Annual Testimony before Senate Panel** | - | - | - |
| 4:00 p.m. | **Total Net Treasury International Capital (TIC) Inflows** | - | $138.7b |  |
| 11:30 a.m. | **Auction: $26bb 1Y Bills** | - | 2.275% |  |
| 11:30 a.m. | **Auction: $45bb 4-Week Bills** | - | 1.850% |  |
| **Europe** | | | | |
| 4:00 a.m. | **Italy Finance Minister Tria to testify before Parliament** | - | - | - |
| 4:30 a.m. | **UK Jobless Claims Change MoM** | - | -7.7k | 7.8k |
| 4:30 a.m. | **UK ILO Unemployment Rate** | 4.2% | 4.2% | 4.2% |
| 5:00 a.m. | **Italy CPI YoY** | 1.5% | 1.5% | 1.4% |
| 5:30 a.m. | **ECB Main Refinancing Operation Result** | - | - | - |
| 5:30 a.m. | **Auction: Germany to sell €3bb 2Y Bonds** | - | -0.63% | -0.63% |
| **Rest of World** | | | | |

07/18/2018, as of 7:00 a.m. EST

**Fixed Income**

* Traders will again look to Powell as testifies before the House Financial Services Committee today. TY showed little movement after yesterday’s testimony, with Powell noting the Fed’s intention to gradually increase interest rates to stabilize inflation in the strong US labor market. TY traded 120-01/120-05+ after hours with all treasuries trading marginally richer, rallying during London session, though traders will be anxious for fresh housing data and the Fed Beige Book being released today.
* German curve flattened, with 10Y yields down 1bp; the early rally had no clear catalyst, but high volumes point to stop-driven price action. BTPs surged yesterday as traders continually seek summer carry trades. This morning, the Italian curve bear steepened, and BTPs lagged despite trading at ~150% of 10-day averages.
* Gilt investors remain concerned as Prime Minister May and her Tory party were accused of “cheating” during yesterday’s voting process; they broke no laws, but violated generally-accepted “pairing” agreements. Though the market is predicting a near-guaranteed BoE rate hike this summer, the threat of parliamentary stalemate into autumn will make it difficult for BoE officials to whip the votes needed to lock in an August hike. Gilts up 0.36% this morning to 123.76, as traders digest news of lower-than-expected UK inflation by shifting the curve down ~3-5bp.
* Former Fed Chairman Ben Bernanke recently shared his optimistic opinion on US economic outlook, noting that long-term interest rates are unusually low, as is market-based compensation for risk, thus minimizing the significance of a yield curve inversion. Bernanke also ignored the near-inversion in 2006.

**Equities**

* US futures mostly flat this morning, though Google plastered headlines with a €4.3bb fine. EU indices trade up ~0.5%, with STOXX to 386.77 (+0.5%) led by Tech (+2%) and Autos (+1.3%), with underperformance from Banks (-0.6%). Asian indices continue their downward trend, with Shanghai to 2797 (-0.4%) and Hang Seng to 28117 (-0.2%) as risks from a potential slowdown in China could have adverse impact on growth in the region.

**FX**

* Euro drops to 1.1614 (-0.4%), pound to 1.3028 (-0.67%) following poor CPI data from the UK earlier this morning. The drop bolstered USD, as investors move to the strengthening currency. Yuan moved to 0.14881 (-0.2%), hitting its 1-year low, making investors question if Chinese officials are really comfortable with the currency weakness.

**Commodities**

* Brent Crude stumbled again, falling to 71.81 (-0.5%) with US inventories building and output looking positive. Wheat up to 503 (+1%) on poor Russian harvest data. Metals falling yet again, with gold to 1223.06 (-0.4%) and silver to 15.446 (-0.9%) as an ever-stronger dollar applies pressure.

**Facts and News**

* On July 18, 64, the Great Fire—which eventually destroyed most of Rome—was started, nudging Emperor Nero to begin the first Roman persecution of Christian rebels.
* In a tragic display of wasted dairy, a truck turned over on a Polish highway, spilling 12 tons of liquefied milk chocolate on the roadway. Crews rushed to the scene to clean up the mess, as the chocolate began to harden on the roadway. The spill held up commuters for several hours, but no one was seriously injured.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 7:00 a.m. | **US MBA Mortgage Applications** | - | 2.5% | -2.5% |
| 8:30 a.m. | **US New Privately Owned Housing Units Stated by Structure** | 1320k | 1350k |  |
| 10:00 a.m. | **US Fed Chairman Powell Appears before House Panel** | - | - | - |
| 2:00 p.m. | **US Federal Reserve Releases Beige Book** | - | - | - |
| 1:00 p.m. | **Auction: $10bb 10Y TIPS** | - | 0.934% |  |
| **Europe** | | | | |
| 3:00 a.m. | **Italian Finance Minister to Open Event on Partnership for Investments** | - | - | - |
| 4:30 a.m. | **UK CPI MoM** | 0.2% | 0.4% | 0.0% |
| 4:30 a.m. | **UK CPI YoY** | 2.6% | 2.4% | 2.4% |
| 4:30 a.m. | **UK Retail Price Index** | 281.9 | 280.7 | 281.5 |
| 4:30 a.m. | **UK PPI MoM** | 0.3% | 0.4% | 0.1% |
| 4:30 a.m. | **UK PPI YoY** | 3.2% | 2.9% | 3.1% |
| 5:00 a.m. | **Eurozone CPI MoM** | 0.1% | 0.5% | 0.1% |
| 5:00 a.m. | **Eurozone CPI YoY** | 2.0% | 2.0% | 2.0% |
| 5:30 a.m. | **Auction: Germany to sell $1bb 30Y Bonds** | - | 1.06% | 1.02% |
| **Rest of World** | | | | |
| 9:00 a.m. | **Russia Retail Sales YoY** | 2.5% | 2.4% |  |
| 9:00 a.m. | **Russia Unemployment Rate** | 4.7% | 4.7% |  |
| 7:50 p.m. | **Japan Trade Balance** | ¥531.2b | ¥578.3b |  |
| 9:30 p.m. | **Australia Unemployment Rate** | 5.4% | 5.4% |  |
|  | **Saudi Arabia May Crude Oil Output Exports: JODI** | - | - | - |
|  | **Japan Cabinet Office Monthly Economic Report (July)** | - | - | - |
| 11:30 p.m. | **Auction: Japan to sell 1Y Bills** | - | -0.129% |  |

07/19/2018, as of 7:00 a.m. EST

**Fixed Income**

* US yield curve steepened overnight, with yields ~1-2bps higher across the long-end and 2s10s widening ~0.8bps to 26.8bp. TY down 5 ticks to 119-29+, with volumes sitting ~130% of 10-day averages. Most movement was seen during the Asian session, with prices stabilizing in London hours.
* Bunds slid overnight, with volumes ~90% of 10-day averages, and the curve looking mostly steady. BTPs showed some movement, as yields fall 2-3bp on long-dated securities and 5-6bp on short-dated securities. Pickup in employment and industrial turnover shifted investor sentiment this morning, on reports from the Italian finance ministry.
* UK retail sales, which caused the pound to slide nearly 1% this morning, also pushed yields 2-3bp lower for long-dated gilts. The country is still experiencing some political turmoil, so new economic data are subject to heightened scrutiny and volatility. The instability is pushing investors to rethink the August rate hike decision coming from the BoE, an event which was nearly completely priced-in just a few days ago. Given the summer holidays and political unrest, along with recent inflation statistics, UK investors are unsure of the BoE outcome.

**Equities**

* US futures down ~0.3% overnight, with NASDAQ futures to 7376 (-0.4%) and S&P futures to 2808 (-0.3%). Volatility fell as earnings season assuaged some fears, but indices likely fell on news that China and Europe fired back at the US over the trade dispute. European and Asian equities slid as well; investors will weigh potential consequences of the protective measures the regions are taking against the US.

**FX**

* Euro slid to 1.1590 (-0.4%) and pound to 1.298 (-0.7%), thanks to the political instability in the UK and lower-than-expected inflation figures across the Eurozone. Yuan falls 0.8% to 0.1475, as investors are concerned with policy changes coming from the People’s Bank of China.

**Commodities**

* Silver took a nosedive, down to 15.255 (-1.9%) as the dollar strengthens and treasuries cheapen. Brent crude also down to 72.03 (-1.2%) as demand growth and inventory statistics in the US push traders to sell.

**Facts and News**

* On July 19, 1799, a soldier marching in Napoleon Bonaparte’s Egyptian campaign found the Rosetta Stone roughly 35 miles north of Alexandria.
* Subways in Vienna, Austria got extremely hot yesterday (roughly 95°F), so subway operators handed out over 14,000 sticks of deodorant to passengers.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Initial Jobless Claims** | 220k | 214k |  |
| 8:30 a.m. | **Philadelphia Fed Business Outlook Index** | 21.5 | 19.9 |  |
| 9:45 a.m. | **Bloomberg Economic Expectations** | - | 56.0 |  |
| 9:45 a.m. | **Bloomberg Consumer Comfort Index** | - | 58.0 |  |
| 10:00 a.m. | **Conference Board US Leading Index MoM** | 0.4% | 0.2% |  |
| 1:00 p.m. | **Auction: $13bb 10Y TIPS** | - | 0.934% |  |
|  | **US Commerce Hearing: Auto Imports as National Security Risk?** | - | - | - |
| **Europe** | | | | |
| 4:30 a.m. | **UK Retail Sales MoM** | 0.2% | 1.3% | -0.5% |
| 4:30 a.m. | **UK Retail Sales YoY** | 3.5% | 3.9% | 2.9% |
| 4:50 a.m. | **Auction: France to sell 3Y Bonds** | - | -0.46% | -0.44% |
| 4:50 a.m. | **Auction: France to sell 5Y Bonds** | - | 0.03% | 0.01% |
| 5:30 a.m. | **Auction: UK to sell £2bb 40Y Bonds** | - | 1.661% | 1.6% |
| **Rest of World** | | | | |
| 7:30 p.m. | **Japan National CPI YoY** | 0.8% | 0.7% |  |
| 11:30 p.m. | **Auction: Japan to sell 3M Bills** | - | -0.145% |  |

07/20/2018, as of 7:00 a.m. EST

**Fixed Income**

* Treasuries rallied unexpectedly yesterday on reports of Trump critiquing the Fed, an action not taken by a sitting US President since George H.W. Bush. Reporters are now speculating the presidential intervention may lead to higher rates, as the Fed attempts to publicly assert its independence. TY choppy during Asian and London sessions, trading 120-07/120-12 and settling near opening levels. News of Trump being “ready to go” with import tariffs on $500bb of Chinese goods had a surprisingly little effect on USTs, with the curve shifting ~1bp. 2s30s widened ~0.7bp to 37.3bp, rebounding from yesterday’s flattening.
* Bunds slide after an early-London rally, were they were trading at ~200% of 10-day averages. BTPs were the highlight of the morning session, with yields rising ~6-8bp on news that Italian Finance Minister Giovanni Tria may be forced to step down from his post by PMs Di Maio and Salvini. Euro-friendly Tria was a professor of political economy before his appointment, and his presence worked to calm the Italian bond market earlier in the year. Di Maio claims he never asked Tria to resign from his post, though the uncertainty has moved yields regardless of its legitimacy.

**Equities**

* US futures dove during Asian hours, but are recovering pre-US open. Trade concerns dominate rhetoric, as Trump declares $500bb of Chinese goods as tariff targets. On this 6:00 a.m. news, European indices dropped, with STOXX down 0.2% due to Autos (-1.5%) and Resources (-1.3%). Angela Merkel report influenced equities trading. Asian indices rallied, with Hang Seng to 28224 (+0.75%) and Shanghai to 2829 (+2.1%), mainly due to reports that regulators will loosen rules in the asset management industry.

**FX**

* Euro and pound mostly unchanged today, as comments from President Trump sent the dollar lower. Yuan drops even further, down 0.25% today, touching its one-year low. Some speculate the PBOC has room to let the yuan slide from sentimental impact, but other analysts believe the movement is indicative of a continually weakening domestic economy.

**Commodities**

* Commodities up slightly across the board, with Brent crude leading the movement (72.94, +0.5%), as Saudi Arabia vows not to flood the market in August. Investors are still concerned about the protectionist measures being taken in the US-China-EU debacle, potentially dampening returns.

**Facts and News**

* On July 20, 1969, Neil Armstrong and Buzz Aldrin walked on the moon for the first time in human history.
* The Los Angeles house used for exterior shots in the sitcom *The Brady Bunch* is for sale. Claiming to be “the second most photographed home in the United States after the White House,” it is listed at $1.885mm.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:20 a.m. | **Fed’s Bullard Speaks on Economy and Monetary Policy (Glasgow, KY)** | - | - | - |
| **Europe** | | | | |
| 2:00 a.m. | **Germany PPI MoM** | 0.3% | 0.5% | 0.3% |
| 2:00 a.m. | **Germany PPI YoY** | 3.0% | 2.7% | 3.0% |
| 4:30 a.m. | **UK Public Sector Net Borrowing** | 3.6bb | 3.4bb | 4.5bb |
| 4:30 a.m. | **ECB Current Accounts** | - | 26.3bb | 4.6bb |
| 6:00 a.m. | **Auction: UK to sell £2bb 1M Notes** | - |  | 0.583% |
| 6:00 a.m. | **Auction: UK to sell £2bb 3M Notes** | - |  | 0.651% |
| 6:00 a.m. | **Auction: UK to sell £2bb 6M Notes** | - |  | 0.686% |
|  | **Russia, France Sovereign Debt to be rated by S&P, Fitch** | - | - | - |
| **Rest of World** | | | | |
| 12:30 a.m. | **Japan All-Industry Activity Index MoM** | 0.0% | 1.0% | 0.1% |

07/23/2018, as of 7:00 a.m. EST

**Fixed Income**

* US yield curve remains mostly steady, with some movement (~1bp) seen in the belly of the curve. TY flat during Asian session on low volumes, and up 3 ticks during London hours, shrinking 2s10s ~0.5bp. UST market is poised to absorb $120bb of note auctions this week; look for traders to re-up flattening bets. Markets were little changed in response to President Trump blasting Iran, reacting instead to Bank of Japan news. The BoJ may look to alter its ultra-loose monetary policy, which will affect Japanese investors seeking returns from overseas debt. Japan, long known for being an exporter of currency, has aided in holding global yields down by pursuing a near-infinite bond buying program meant to keep 10Y rates around 0%. UST and EGB investors now face duration risk on the fear that the JGB curve could sustain a bear steepening.
* German sovereign curve up ~0.5bp, with bunds initially falling on BoJ news and huge volumes, but regaining later in London trading. BTPs up slightly, though volumes are sitting ~75% of 10-day averages. Gilts also up slightly, though the curve remains mostly unchanged. Investors are awaiting the BoE’s rate hike decision on August 2.

**Equities**

* US futures dipped this morning, with NASDAQ to 7327.5 (-0.4%) and S&P e-minis to 2797.5 (-0.1%). European indices reacted similarly, with STOXX down to 384.5 (-0.3%) and DAX down to 12509 (-0.4%). Investors may be worried about the impact of protectionist sentiment on worldwide growth, but are likely awaiting earnings season reports being released today. Shanghai moved to 2859 (+1.07%), inversely with Nikkei 22397 (-1.33%) with investors reacting to news from the Bank of Japan (below).

**FX**

* Euro and pound mostly unchanged this morning, while yen sees a rise of about 0.3%. News that the Bank of Japan may alter its extraordinary stimulus program moved the currency higher and sent Japanese bonds falling to their lowest point in nearly two years. Responding to the drop, the BoJ said it would purchase an unlimited number of 10Y Japanese bonds if the yield hit 0.110%. This is the fifth time this method of yield curve-control has been used.

**Commodities**

* Brent rose this morning to 74.25 (+1.75%), paring losses from last week’s tumble on news of flaring US-Iran tensions. Iranian President Hassan Rouhani threatened the US with the “mother of all wars,” attempting to establish dominance and dissuade the US from pursuing hostile policies against the state. President Trump fired back on Twitter, warning Rouhani of “consequences the likes of which few throughout history have ever suffered before.”

**Facts and News**

* On July 23, 1904, the first ice cream cone was created by Charles E. Menches during the St Louis World Fair.
* In an effort to attract younger fans to their ballpark, the Montgomery Biscuits—the Tampa Bay Rays’ AA feeder—are hosting a “Millennial Night.” They advertise the park will be outfitted with “selfie stations,” napping areas, avocado burgers, and participation ribbons, among other attractions. A self-righteous social media backlash ensued, but the PR generated by the stunt has experts projecting above-average attendance for the themed night.

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **Chicago Fed National Activity Index** | - | -0.15 |  |
| 10:00 a.m. | **Existing Home Sales** | 5.48m | 5.43m |  |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 1.980% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.140% |  |
| **Europe** | | | | |
| 10:00 a.m. | **Eurozone Consumer Confidence Index** | -0.7 | -0.5 |  |
| 1:00 p.m. | **BoE’s Broadbent to Speak in London** | - | - | - |
| 5:30 a.m. | **Auction: Germany to Sell €2bb 3M Bills** | - | -0.619% |  |
| 8:50 a.m. | **Auction: France to Sell €2.9bb 3M Bills** | - | -0.575% |  |
| 8:50 a.m. | **Auction: France to Sell €900mm 6M Bills** | - | -0.567% |  |
| 8:50 a.m. | **Auction: France to Sell €1bb 12M Bills** | - | -0.563% |  |
| **Rest of World** | | | | |
| 8:30 p.m. | **Nikkei Japan PMI** | - | 53.0 |  |
| 11:35 p.m. | **Auction: Japan to Sell 40Y Bonds** | - | 0.865% |  |

07/24/2018, as of 7:00 a.m. EST

**Fixed Income**

* TY saw a 15-tick drop yesterday, coinciding with a sharp steepening across maturities. In Asian and London markets this morning, TY traded 119-15+/119-20, with little curve movement. Haven buying of short-dated USTs during escalating trade tensions affected steepening trend, but US rates strategists are mostly taking the view that flattening will eventually resume due to (i) Fed resistance to political pressure, (ii) Bank of Japan accommodation, (iii) the economic impact of widespread trade protectionism, (iv) supply and demand trends pushing up front-end yields, and (v) an understanding that markets overreact to even tangentially-related news reports on monetary policy. This view has not manifested, but some traders predict the steepening will prevail in the near-term as fading trade and geopolitical risks are digested by the market. Watch for results of 2Y auction today.
* Bunds up slightly, with most yield movement in long-dated securities, and volumes of ~125% of 10-day averages. Investors are more interested in Italian bonds, with ~5-6bp increase in yields across the curve. Some speculate the Washington Post’s interview with Finance Minister Tria influenced the movement, but traders have not identified a specific primer to the move other than continued political noise in the region.
* BoE’s Ben Broadbent defended QE on Monday, praising the program before clarifying the central bank’s guidance on how it tends to gradually unwind its nearly decade-old stimulus. He also cast doubt over the next BoJ meeting rate decision, responding to reporters asking if he plans on voting for a hike with a trite “I don’t know and I wouldn’t tell you.” Short-dated gilt yields slid, with the long-end remaining mostly unchanged.
* All eyes are on the Bank of Japan (BoJ) following reports that the central bank may discuss tightening its monetary policy. Analysts covering BoJ view this event as unlikely, believing that the information was leaked so the bank could ready the market for an eventual shift in JGB 10Y target yields, closer to January.

**Equities**

* US futures saw erratic movement this morning, currently up ~0.2% after a late-London dip. NASDAQ futures to 7441 (+0.15%), S&P e-minis to 2818 (+0.21%) as traders respond to earnings reports in equities markets. European indices showed better performance, with STOXX to 388.18 (+0.86%) and DAX to 12714 (+1.3%), mainly on performance from Resources (+3.72%) and Autos (+2.5%). Asian indices swung upward, reversing their recent decline, on news of China’s government stimulus policy benefitting R&D companies and banks through a looser monetary policy: Hang Seng 28662 (+1.4%), Shanghai 2905 (+1.6%), Nikkei 22510 (+0.5%).

**FX**

* Euro movements were choppy during morning trading, up to 1.1715 (+0.2%), with pound following. Yen also up 0.3%, on BoJ speculation.

**Commodities**

* Silver moved well this morning, up to 15.505 (+0.83%) on ETF buying, though gold did not see a similar uptick. US Crude to 68.26 (+0.58%), Brent to 73.14 (+0.14%) as traders await the release of US crude inventories. Lybia and Saudi Arabia seem to be willing to keep markets well-balanced by checking output.

**Facts and News**

* On July 24, 1974, the US Supreme Court unanimously ruled that President Richard Nixon had to turn over White House tapes to the Watergate special prosecutor Leon Jaworski.
* Last Friday night, a 30-minute slow-speed pursuit of a John Deere tractor swerving in the streets of Denver ended with two police officers being injured. The suspect suffered multiple dog bites and a shock from a stun gun in the chase.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 9:00 a.m. | **FHFA US House Price Index MoM** | 0.3% | 0.1% |  |
| 9:45 a.m. | **Markit US Manufacturing PMI** | 55.1 | 55.4 |  |
| 10:00 a.m. | **Richmond Fed Manufacturing Index** | 18 | 20 |  |
| 11:30 a.m. | **Auction: 4W Bills** | - | 1.880% |  |
| 1:00 p.m. | **Auction: $35bb 2Y Notes** | - | 2.538% |  |
| **Europe** | | | | |
| 2:45 a.m. | **France Manufacturing Confidence Index** | 110 | 110 | 108 |
| 3:00 a.m. | **France Markit Composite PMI** | 54.9 | 55.0 | 54.5 |
| 3:30 a.m. | **Germany Markit Composite PMI** | 54.8 | 54.8 | 55.2 |
| 4:00 a.m. | **Eurozone Markit Composite PMI** | 54.8 | 54.9 | 54.3 |
| 5:30 a.m. | **Auction: UK to sell £2.75bb 6Y Bonds** | - |  | 1.094% |
| 5:30 a.m. | **ECB Main Refinancing Operation Result** | - | - | - |
| **Rest of World** | | | | |
| 3:00 p.m. | **Argentina Economic Activity Index YoY** | -2.2% | -0.9% |  |
| 9:30 p.m. | **Australia PCI YoY** | 2.2% | 1.9% |  |

07/25/2018, as of 7:00 a.m. EST

**Fixed Income**

* Following yesterday’s slight bull flatten, TY showed little movement after-hours, trading 119-17/119-21. Flattening has continued this morning, with yields on 30Y -1.2bp and 2Y +1.1bp. Overall, market news has been boring. Treasury 2Y notes gained attention yesterday for drawing their highest yield since 2008; traders are watching 5Y auction today (1:00 p.m.) for signs of increased demand. Overnight GC repo rates fell yesterday afternoon, confounding market expectations considering the rising T-bill supply which should have bolstered rates. Watch for fallout from President Trump’s meeting with EC’s Jean-Claude Juncker today, as the EU looks to dissuade US from imposing further tariffs on EU car exports and to “prevent a trade war,” according to Juncker.
* Bunds fluctuated this morning, with 7-8bp movement in 3Y-5Y, the rest of the curve mostly unchanged. As Italian political concerns ease slightly, BTP yields fall ~3-4bps. JGBs drop ~3-4bps as well, likely causing some correlated movement in other EGBs.

**Equities**

* US equities see few movements overnight as traders await earnings this morning. European equities appear to be sliding further this morning, with STOXX to 387 (-0.2%) moved by a sharp decline in Autos (-1.3%) and Resources (-1.1%). Asian equities mixed, with Hang Seng to 28920 (+0.9%) and Shanghai to 2903 (-0.1%) following massive gains yesterday. Positive sentiment from Bejing’s support of the Chinese economy seems to be fading.

**FX**

* Brexit turmoil and BoE politics fueled a surge in currency trading early last night, but settled over London hours. Euro unchanged, pound up 0.1%, yen up 0.1%. Yuan moved to 0.14782 (+0.4%), mainly as the dollar weakens against other foreign currencies.

**Commodities**

* Wheat moves to 521 (+2.2%) on news that North Dakota wheat fields are looking disappointing. Brent crude to 73.76 (+0.5%) and crude to 68.41 (-0.2%) despite declining fuel stockpiles within the US. Russia plans to increase its oil output for second half of 2018, increasing supply to make up for drop in Venezuelan/Lybian output.

**Facts and News**

* On July 25, 1978, the world’s first “test tube baby,” Louise Joy Brown, was born in Lancashire, England, giving hope to couples who were previously unable to have children of their own.
* Planet Fitness, a well-known chain of gyms, advertised itself as a “judgement-free zone” on its TV ads, a millennial-targeting motto encouraging everyone to be a gymgoer regardless of fitness level. A man in Massachusetts took this uplifting slogan too literally: he was arrested on Sunday for entering his local Planet Fitness, stripping down at the front desk, and performing nude yoga, expecting not to be judged.

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 7:00 a.m. | **US MBA Mortgage Applications** | - | -2.5% | -0.2% |
| 10:00 a.m. | **US New One Family Home Sales** | 668k | 689k |  |
| 11:30 a.m. | **Auction: $18bb 2Y FRN Reopening** | - | 0.042% |  |
| 1:00 p.m. | **Auction: $36bb 5Y Notes** | - | 2.719% |  |
| **Europe** | | | | |
| 2:45 a.m. | **France PPI YoY** | - | 2.9% | 3.4% |
| 4:00 a.m. | **Eurozone M3 Money Supply YoY** | 4.0% | 4.0% | 4.4% |
| 4:00 a.m. | **Germany IFO Business Climate Index** | 101.5 | 101.8 | 101.7 |
|  | **EC’s Juncker and EU Trade Chief Malmstrom Meet Trump in Dc** | - | - | - |
| 5:30 a.m. | **ECB Long-Term Refinancing Operation Result** | - | - | - |
| 5:30 a.m. | **Auction: Germany to sell €4bb 5Y Bonds** | - | -0.19% | -0.18% |
| **Rest of World** | | | | |
| 7:00 p.m. | **South Korea GDP YoY** | 2.9% | 2.8% |  |
| 11:35 p.m. | **Auction: Japan to sell 2Y Bonds** | - | -0.128% |  |

07/26/2018, as of 7:00 a.m. EST

**Fixed Income**

* Treasuries were little moved overnight, with ~1bp downward shift across the curve. 2s10s -0.3bp to 30bps, showing minor flattening. TY traded 119-11/119-15 over the day, trading down during Asian session and rebounding over London hours. Movement could be underpinned by inverse movement in NASDAQ futures. Treasury cycle to continue today with $30bb 7Y Notes to be auctioned at 1pm.
* Bunds dipped this morning after opening weaker. Bund futures traded 161.93/162.14, dropping -0.22% on the day. BNP Paribas was vocal about a recent position: short bunds as yields will climb to 1% by year-end. The move seems unlikely, but it mirror’s Bill Gross’s similar suggestion from 3 years ago.
* Yields rose in the near-end of the BTP curve, with 2Y yield up ~3bp and 30Y unchanged. France long-dated yields rose ~1.5bps while near-end stayed steady. French Finance Minister Bruno Le Marie says France will not look to enter a large trade deal with the US, requiring “further talks” and an exclusion of agriculture from trade negotiations.
* Investors are all extremely interested in the outcome of Draghi’s ECB meeting today. Though it is unlikely the ECB will look to shift rates anytime soon, investors are still anxious to trade on the outcome. A slight translation error shifted sentiment overnight, as the ECB was said to hold rates “at least through the summer of 2019,” though another translation said the ECB will hold rates “at least until the summer of 2019.” Investors will also look for clarification on the ECB’s reinvestment policy; it is unclear what the ECB will do with the maturing bonds it bought under QE. Finally, investors will look for guidance on currency, as Trump recently criticized the EU and China for manipulating their currencies; the weakening has made policymakers’ lives easier, but the ECB claims it does not set monetary policy with the intention of weakening or strengthening the euro.

**Equities**

* NASDAQ futures to 2835 (-0.2%), S&P e-mini futures to 7406 (-0.9%), though earnings reports may shift sentiment today. European indices rose following the meeting between President Trump and EC President Juncker, which ended well for both parties and eased trade tensions between the two economies. STOXX jumped to 388.8 (+0.41%), DAX to 12716 (+1.09%), with overperformance in Autos (+2.2%) and Telecom (+1.6%). Asian markets down as Trump will likely turn his attention to Chinese policy once again.

**FX**

* Euro to 1.1710 (-0.16%), pound following to 1.3174 (-0.11%) ahead of ECB meeting. Yuan depreciated slightly, though not at the same pace as has been seen in past weeks. Yen up 0.12% after news that BoJ may review its ETF purchase policy.

**Commodities**

* Brent crude up to 74.24 (+0.5%) after an attack on Saudi Arabian tankers had traders worried about supply disruption, reminding investors that the geopolitical threat to energy is seldom abated. Soybeans to 892.5 (+1.8%) after Trump-Juncker meeting, on news that EU plans to increase American soybean imports. Gold and silver fell as a result of the easing trade tensions.

**Facts and News**

* On July 26, 1775, the US Postal Service was established and Benjamin Franklin was named the first Postmaster General. Fun fact: When fuel costs rise by $0.01, USPS yearly costs increase $8mm.
* An international team of data scientists from the US, Canada, India, Australia, and the UK conducted a large-scale analysis of Google-search data. Among other results, they found that food cravings peak twice each night, based on “*food near me*” and “*pizza delivery*”-type search requests. The first peak occurs around 7:00 p.m. and is dominated by older users, while the later 2:00 a.m. peak is almost exclusively younger users.

**Economic Events**

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| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Wholesale Inventories MoM** | 0.3% | 0.6% |  |
| 8:30 a.m. | **US Initial Jobless Claims** | 215k | 207k |  |
| 8:30 a.m. | **US Continuing Jobless Claims** | 1733k | 1751k |  |
| 8:30 a.m. | **US Durable Goods Orders** | 3.0% | -0.4% |  |
| 9:45 a.m. | **Bloomberg Consumer Comfort Index** | - | 58.8 |  |
| 11:00 a.m. | **Kansas City Fed Manufacturing Activity** | 25 | 28 |  |
|  | **NAFTA Talks Restart in Washington** | - | - | - |
| 1:00 p.m. | **Auction: $30bb 7Y Notes** | - | 2.809% |  |
| **Europe** | | | | |
| 2:00 a.m. | **Germany GfK Consumer Confidence Index** | 10.7 | 10.7 | 10.6 |
| 2:45 a.m. | **France Consumer Confidence Index** | 98 | 97 | 97 |
| 4:00 a.m. | **Italy Consumer Confidence Index** | 116.0 | 116.2 | 116.3 |
| 7:45 a.m. | **Eurozone ECB Main Refinancing Rate** | 0.000% | 0.000% | 0.000% |
| 7:45 a.m. | **Eurozone ECB Deposit Facility Rate** | -0.400% | -0.400% | -0.400% |
| 8:30 a.m. | **ECB’s Draghi Holds Press Conference in Frankfurt** | - | - | - |
| 5:00 a.m. | **Auction: Italy to sell €2bb 2Y Zero Bonds** | - | 0.917% | 0.647% |
| 5:00 a.m. | **Auction: Italy to sell €1.25bb 10Y Linkers** | - | 1.28% | 1.55% |
| **Rest of World** | | | | |
| 3:30 a.m. | **Russia Bloomberg Economic Survey Results** | - | - | - |
| 7:30 p.m. | **Japan Tokyo CPI YoY** | 0.7% | 0.6% |  |
| 11:00 p.m. | **Auction: Japan to sell 3M Bills** | - | -0.158% |  |

07/27/2018, as of 7:00 a.m. EST

**Fixed Income**

* **TY trading steady 119-08/119-12 overnight after a semi-slow Thursday**. Yesterday, near-end UST yields jumped ~1.5bp, while the rest of the curve was unchanged. Following a selloff around 10 p.m., TY rebounded to opening levels, trading at volumes ~90% of 10-day averages. Investors eagerly await GDP data to be released this morning; expectations are sky-high.
* **Bunds and gilts steady.** German yields move ~0.5-1bps on poor volumes (75% of averages), as investors pause for next week’s new supply. UK yields moved ~1bp higher, investors are waiting for BoE rate decision on August 2. PM May will have to rework her Brexit trade pact, as EU chief negotiator Michel Barnier struck down her proposal, offering an inflammatory alternative: stay in the EU’s existing customs union. If she were to accept, May would run the risk of being ousted by both sides of the UK aisle.
* **Investors are focusing on JGBs ahead of the Bank of Japan’s meeting next week.** 10Y yields have tripled this week, touching 0.1%, amid speculation about BoJ policy tweaks in the near future. Far-end yields up ~1bp overnight, with near-end steady. Japan has been steadily reducing purchases of long-tenor debt as overseas hedging costs are increasing due to Fed tightening. Investors speculate this is a sign BoJ is contemplating bringing these funds home. Common policy changes being discussed include (i) the BoJ allowing fluctuation around its 0% yield target, and (ii) adjusting the description of its ¥80t bond holding guidance.
* **Trump’s administration roasted Turkey yesterday**, declaring “large sanctions” would be imposed on Turkish exports if Andrew Brunson—an American evangelical minister who was jailed for his alleged involvement in a failed 2016 coup—is not released from prison. The dispute was resolved diplomatically, but the deal imploded when Turkey reneged on the *quid pro quo* agreement by demanding the US abandon its legal action against a Turkish bank blamed for helping evade Iran sanctions. Turkey responded to the threats fearlessly, saying the country “will not tolerate threats from anyone.” Turkey is obviously in a less powerful negotiating position, and investors are worried about the future of the emerging market and its potential impact on peripheral EMs.

**Equities**

* **US futures stable, European indices up, Asian indices mixed.** NASDAQ futures to 7443 (+0.2%), S&P e-mini futures to 2843 (+0.05%) with investors acting cautious ahead of US GDP data to be released before opening bell. STOXX to 392 (+0.4%), FTSE to 7707 (+0.6%), DAX to 12875 (+0.5%), as European Telecomm (+2.2%) and Resources (+1.1%) perform well, and Banks (+1%) on the rise. Nikkei up to 22713 (+0.56%), Hang Seng to 28804 (+0.08%), Shanghai to 2874 (-0.3%), still responding to China’s proposed stimulus.

**FX**

* **Currencies fell this morning as dollar edges higher ahead of GDP release.** Euro down to 1.1627 (-0.15%) after sinking on “Draghi Day,” a colloquial term for a day when ECB chief Mario Draghi outlines ECB direction. Yuan down 0.6% on deteriorating US-China relations.

**Commodities**

* **Wheat fell late in London trading after a climb.** Likely due to traders profit taking, wheat dropped to 533 (-0.7%) after an Asian hours-climb. However, recent surveys indicate global supply is tightening; forecasts are being cut around the world, with decreases due to excessive heat (US/Canada) and drought (Russia/France/Germany).

**Facts and News**

* On July 27, 1921, Canadian scientists Frederick Banting and Charles Best successfully isolated insulin for the first time. The hormone was distributed and used to treat diabetes patients within a year.
* On Monday, a woman gave birth to a healthy baby boy in a Georgia Six Flags amusement park. After the mother safely recovered in the hospital, the woman and her newborn son were both gifted Diamond Elite Memberships, allowing them free entry to any Six Flags park for the rest of their lives. Mathew, the newborn baby boy, was the second baby to be born at the park since its opening in 1967.

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US GDP Annualized QoQ** | 4.2% | 2.0% |  |
| 8:30 a.m. | **US Personal Consumption** | 3.0% | 0.9% |  |
| 8:30 a.m. | **US GDP Price Index** | 2.3% | 2.2% |  |
| 8:30 a.m. | **US Core PCE QoQ** | 2.2% | 2.3% |  |
| 10:00 a.m. | **University of Michigan US Sentiment Index** | 97.1 | 97.1 |  |
| weekend | **G20 Agricultural Ministers Meet in Buenos Aires** | - | - | - |
| **Europe** | | | | |
| 1:30 a.m. | **France GDP YoY** | 1.9% | 2.2% | 1.7% |
| 2:00 a.m. | **Germany Import Price Index YoY** | 4.5% | 3.2% | 4.5% |
| 4:00 a.m. | **ECB Survey of Professional Forecasters** | - | - | - |
| 4:00 a.m. | **Italy PPI YoY** | - | 2.7% | 3.2% |
| 5:00 a.m. | **Auction: Italy to sell €6bb 6M Bills** | - | 0.092% | 0.066% |
| 6:00 a.m. | **Auction: UK to sell £1bb 1M Bills** | - | 0.428% | 0.574% |
| 6:00 a.m. | **Auction: UK to sell £2bb 3M Bills** | - | - | 0.668% |
| 6:00 a.m. | **Auction: UK to sell £2bb 6M Bills** | - | - | 0.698% |
| **Rest of World** | | | | |
| 6:30 a.m. | **Russia Key Rate Announcement** | 7.25% | 7.25% | 7.25% |

07/30/2018, as of 7:00 a.m. EST

**Fixed Income**

* **US Treasuries dip ahead of key central bank decisions.** TY traded range-bound in Asian hours, but experienced a 6-tick decline after London open, as USTs bear steepening with other global rates. TY may be on the on the rebound now, but investors are all concerned about the outcome of this week’s policy decisions coming from US FOMC, Bank of Japan, Bank of England this week. UST traders may also be looking to housing and manufacturing data to be released today,
* **Bunds and gilts dip.** Bund futures traded 161.52/162.29, gilts traded 122.67/123.26, likely due to a large trade in gilt futures blocked at 123.18 and strong German CPI data. BTPs pare some early-session losses after well-received 5Y and 10Y auctions.
* **Uncertainty across markets ahead of FOMC, BoJ, and BoE decisions.** The Bank of Japan will meet on Tuesday, and although investors had not considered this event impactful several weeks ago, traders are now concerned about the BoJ changing its ultra-loose monetary policy to attract domestic investments which are currently housed out-of-country. FOMC meeting on Wednesday will shed some light on the direction of Fed policy; currently, markets price in 93.8% probability of September rate hike, according to Fed Futures implied probabilities. The Bank of England will meet on Thursday, and will decide if a rate hike is necessary amid Brexit uncertainty and mixed UK economic data. Currently investors are trading on speculation surrounding these events, but trading on hard-data will follow after the meetings occur this week.

**Equities**

* **Stocks lagged this morning across all markets ahead of central bank policy decisions and earnings.** US futures saw slight decline pre-open, with S&P e-minis to 2815.5 (-0.1%) and NASDAQ futures to 7289 (-0.2%), hitting their lowest levels in a week as investors wait on Fed meeting and react to earnings results. European indices declined as well, with STOXX to 391 (-0.2%) on poor performance in Utilities (-1%) and Food&Bev (-1%). Hang Seng (28733, -0.25%) and Shanghai (2869, -0.16%) continued their trending decline, with Chinese automakers experiencing weakening demand and investors taking a generally risk-off stance ahead of central bank news.

**FX**

* **Euro moves up, pound and yuan steady.** Euro to 1.1684 (+0.24%), strengthening on a weakening dollar resulting from uncertainty surrounding central bank decisions being released this week.

**Commodities**

* **Oil and wheat on the rise, metals lag.** Crude to 68.87 (+1.3%) and Brent to 74.18 (+0.5%) as investors are still cautious about supply and trade tensions (US-China, US-Iran). Wheat up to 536 (+1.6%) as concerns about global dryness have commodities traders moving into futures. Gold (1223.03, -0.2%) and silver (15.48, -0.13%) move down on news of declining South African gold mining exploits.

**Facts and News**

* On July 30, 1956, US President Eisenhower signs “In God We Trust” into law, establishing it as the nation’s official motto and mandating the phrase be printed on all American paper currency.
* Islanders on Yap in western Micronesia used the mathematics leveraged by cryptocurrencies to conduct business several hundred years ago. Though I have stayed away from the crypto-craze, and therefore have a limited understanding of the blockchain-based technology, the full report [can be found here](https://www.sciencenews.org/article/yap-stone-money-bitcoin-blockchain-cryptocurrency?tgt=nr).

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 10:00 a.m. | **US Pending Home Sales MoM** | 0.4% | -0.5% |  |
| 10:30 a.m. | **Dallas Fed Manufacturing Activity Index** | 31.0 | 36.5 |  |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 1.970% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.140% |  |
| **Europe** | | | | |
| 4:30 a.m. | **UK Net Consumer Credit** | £1.3b | £1.4b | £1.6b |
| 4:30 a.m. | **UK Mortgage Approvals** | 65.5k | 64.5k | 65.6k |
| 5:00 a.m. | **Eurozone Economic Confidence Index** | 112.0 | 112.3 | 112.1 |
| 5:00 a.m. | **Eurozone Consumer Confidence Index** | -0.6 | -0.6 | -0.6 |
| 8:00 a.m. | **Germany CPI YoY** | 2.1% | 2.1% |  |
| 5:00 a.m. | **Auction: Italy to sell €4bb 10Y Bonds** | - | 2.77% | 2.87% |
| 11:00 a.m. | **Auction: Italy to sell €2bb 5Y Bonds** | - | 1.82% | 1.8% |
| 8:50 a.m. | **Auction: France to sell €2.8bb 3M Bills** | - | -0.563% |  |
| 8:50 a.m. | **Auction: France to sell €1bb 6M Bills** | - | -0.554% |  |
| 8:50 a.m. | **Auction: France to sell €1bb 12M Bills** | - | -0.558% |  |
| **Rest of World** | | | | |
| 7:30 p.m. | **Japan Job-to-Application Ratio** | 1.60 | 1.60 |  |
| 7:30 p.m. | **Japan Jobless Rate** | 2.3% | 2.2% |  |
| 7:50 p.m. | **Japan Industrial Production YoY** | 0.6% | 4.2% |  |
|  | **Japan BoJ Policy Balance Rate** | -0.100% | -0.100% |  |

07/31/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries jump on BoJ report.** USTs traded quietly overnight, with TY trading range-bound in Asian session. Around midnight, TY saw a 10-tick jump to 119-21 following Bank of Japan news. TY leveled out over London session, now trading around 119-17 on high volumes (~190% of 10-day averages). UST yields showing overwhelming bull flattening; long-term yields drop ~3bp and 2s10s shrinks 2bp to 19.4bps. Several US economic indicators to be released today may move yields, but traders were most concerned about the BoJ decision.
* **Bunds react to stronger-than-forecasted Euro-area CPI data.** Short-tenor bunds experienced ~1bp increase while long ternors remained unmoved. BoJ reports were offset by strong CPI statistics from Germany. BTPs saw ~1bp drop across the curve after stabilizing.
* **Bank of Japan releases policy updates, did not change much.** This morning, the BoJ defied investor speculation that it would implement a monetary policy overhaul. BoJ governor Kuroda affirmed that the BoJ would continue to purchase bonds so that the Japanese 10Y yield would remain around 0%. However, the BoJ did implement subtle changes, including (i) indicating the BoJ would tolerate slightly greater yield fluctuations, (ii) cutting its inflation forecasts to fight a “long-run battle against deflation,” and (iii) adding forward guidance for policy rates which intend to maintain extremely low rates. Though the change may deal a blow to Japanese banks, traders largely see this news as a *status quo* announcement, possibly making them wonder why they listened to greatly exaggerated news reports to begin with.
* **Keep an eye on the soft patch the US housing market has experienced this year.** Existing home sales and new home sales have hit their lowest levels since 2010, likely due to a spike in interest rates weighing on activity. Home buyers also show concern over lofty home prices, with concern levels at their highest since the early 2000s according to the most recent U. Michigan Consumer Survey; in fact, prices are a greater concern to the consumer than interest rates. Though the housing market is not the behemoth it once was, its economic impact is still far-reaching and should be watched.

**Equities**

* **US futures up modestly as Asian economy takes a hit.** US futures up ~0.2% overnight, with NASDAQ futures +0.15% and S&P e-minis +0.26% ahead of Apple earnings. European indices up as well, with STOXX to 392 (+0.25%), FTSE to 22199 (+1.17%) on positive performance from Banks (+1.1%) and Oil&Gas (+0.9%) led by BP and Credit Suisse. Asian indices were mixed, with Hang Seng -0.5%, Shanghai +0.3% on poor economic data from China.

**FX**

* **Euro and pound up, Asian currencies falter.** Euro (1.1728, +0.2%) and pound (1.3159, +0.2%) both climb overnight on status-quo news from the BoJ, aided by support from euro-area inflation statistics (France, Germany). Yen down 0.4% on BoJ news, dropping with bond yields. Yuan falls 0.3% as Chinese economy begins to feel the effects of increased tariffs, according to recent economic data from the region.

**Commodities**

* **Corn, wheat, and soy show upward movement while oil dips.** Corn (384, +0.65%), wheat (548, +0.3%), and soybeans (897, +0.75%) on mixed international crop reports for the 2018 growing season. Crude down slightly on news that OPEC and the US will meet growing demand from Asia in light of Iran export disruptions.

**Facts and News**

* On July 31, 1998, the British government banned landmines after the public pressured parliament to pass the Landmines Act.
* Over the weekend, a 17-year-old in Palo Alto, CA was charged with B&E. Allegedly, he broke into a sleeping couple’s home to ask the residents for their WiFi password.

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Personal Income MoM** | 0.4% | 0.4% |  |
| 8:30 a.m. | **US Personal Spending MoM** | 0.4% | 0.2% |  |
| 8:30 a.m. | **US PCE Core YoY** | 2.0% | 2.0% |  |
| 10:00 a.m. | **Chicago Board Consumer Confidence Index** | 126.0 | 126.4 |  |
| 11:30 a.m. | **Auction: 4W Bills** | - | 1.880% |  |
| **Europe** | | | | |
| 2:00 a.m. | **Germany Retail Sales YoY** | 1.5% | -1.6% | 3.0% |
| 2:45 a.m. | **France CPI YoY** | 2.2% | 2.0% | 2.3% |
| 3:55 a.m. | **Germany Unemployment Claims Rate** | 5.2% | 5.2% | 5.2% |
| 4:00 a.m. | **Italy Unemployment Rate** | 10.8% | 10.7% | 10.9% |
| 5:00 a.m. | **Eurozone Unemployment Rate** | 8.3% | 8.4% | 8.3% |
| 5:00 a.m. | **Eurozone Core CPI YoY** | 1.0% | 0.9% | 1.1% |
| 5:00 a.m. | **Eurozone GDP SA YoY** | 2.2% | 2.5% | 2.1% |
| 5:00 a.m. | **Italy CPI YoY** | 1.4% | 1.4% | 1.5% |
| 6:00 a.m. | **Italy GDP YoY** | 1.3% | 1.4% | 1.1% |
| **Rest of World** | | | | |
| 1:00 a.m. | **Japan Housing Starts YoY** | -2.5% | 1.3% | -7.1% |
| 1:00 a.m. | **Japan Consumer Confidence Index** | 43.8 | 43.7 | 43.5 |
| 9:45 p.m. | **China PMI Manufacturing** | 50.9 | 51.0 |  |
|  | **Bank of Japan Outlook Report / Monetary Policy Statement** | - | - | - |

08/01/2018, as of 7:00 a.m. EST

**Fixed Income**

* **JGBs bear steepen, causing ripple effect.** JPY30Y +5.6bp, JPY10Y +6.6bp, JPY2Y +1.6bp this morning, dragging along other indices in Europe and the US. The movement is partially a result of post-BoJ short squeeze unwinding. However, since the BoJ announced its decision to allow long-term interest rates to fluctuate to a certain extent, now allowing 10Y yields to hit ~0.2% before intervening, traders have been on a selling spree to target this hard line and test the BoJ’s resolve in their decision.
* **Treasuries bear steepen—reaction to JGB movement.** US 30Y yield +2.4bp, 10Y yield +2.0bp, 2Y yield +0.4bp. TY (119-09/119-18) initially traded up over Asian session, gradually declining 9 ticks to trade in-range over London hours on poor volumes, ~85% of averages. Yields likely on the rise in reaction to JGB futures movements, as traders react to BoJ guidance. Investors may also be considering escalating trade tensions, as the US expands its tariff implementation plan (below). Today, traders will be looking at the likely uneventful FOMC meeting along with quarterly refunding of 3Y, 10Y, 30Y.
* **Bunds, BTPs, gilts, OATs, Aussies all track lower—more reaction to JGB movement.** Bunds +3.2bp, BTP10s +4.5bp, OATs +4.4bp, Gilt +4bp. BTP volumes ~85% of average, bund volumes ~120% of average. News from Japan is drowning out all other reports this morning, as EGBs all seem to be reacting similarly to BoJ-related news. Large volume of sterling shorts targeting no BoE hike in 2018 were initiated and reported overnight.

**Equities**

* **US futures mixed this morning as US-China relations are strained.** The US is debating the structure of the next round of Chinese tariffs. Previously, the US announced its plan to impose 10% tariffs on $200b of Chinese goods; they are considering raising that percentage to 25%. US futures mixed, with NASDAQ futures up (7256, +0.15%) and S&P e-minis down (2814, -0.1%), as traders digest the news and weigh the impact of further tariffs on two major world economies. European stocks slid as well, with STOXX (390, -0.4%) and FTSE (7642, -1.4%) down on poor performance in Resources (-1.8%) and Utilities (-1.6%). Chinese stocks down on trade fears, with Hang Seng (28340, -0.85%) and Shanghai (2824, -1.8%) both falling during Asian session.

**FX**

* **Euro and pound mostly flat, yuan on the rise.** Yuan (0.14712, +0.2%) rebounding from overnight losses on reports of one or more large Chinese banks aggressively selling USD around ¥6.83 per. This potentially triggered stop-loss trades from long dollar positions offshore, helping to drive the yuan’s gains.

**Commodities**

* **Commodities down this morning.** Crude (68.03, -1.05%) and Brent (73.33, -1.2%) down on surprising news from the US, reporting crude stockpiles grew by nearly 6m barrels last month while analysts projected a 3m barrel drawdown. The EU reported a steady increase in US soybean imports over the past year, but traders are still skeptical about EU’s ability to make up for China import losses: soybeans (907½, -1.22%).

**Facts and News**

* On August 1, 1936, Adolph Hitler presided over the opening of the Berlin Olympic Games. Jesse Owens, a black sharecropper’s son from Alabama known for his college Track and Field career at Ohio State, took home four gold medals, an outcome unpleasing to the Nazi regime.
* Three thieves snatched a baby horn shark from the San Antonio Aquarium on Saturday. Security footage of the sharknappers showed them scooping up the shark with a pool net, depositing it into a baby carriage, and attempting to flee in a red pickup truck.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 7:00 a.m. | **MBA Mortgage Applications** | - | -0.2% | -2.6% |
| 8:15 a.m. | **ADP Employment Change** | 186k | 177k |  |
| 9:45 a.m. | **US Markit Manufacturing PMI** | 55.5 | 55.5 |  |
| 10:00 a.m. | **US Construction Spending MoM** | 0.3% | 0.4% |  |
| 2:00 p.m. | **US FOMC Rate Decision (Upper Bound)** | 2.00% | 2.00% |  |
| **Europe** | | | | |
| 2:00 a.m. | **UK Nationwide House Price Change YoY** | 1.8% | 2.0% | 3.5% |
| 3:45 a.m. | **Italy Markit Manufacturing PMI** | 53.0 | 53.3 | 51.5 |
| 3:50 a.m. | **France Markit Manufacturing PMI** | 53.1 | 53.1 | 53.3 |
| 3:55 a.m. | **Germany Markit Manufacturing PMI** | 57.3 | 57.3 | 56.9 |
| 4:00 a.m. | **Eurozone Markit Manufacturing PMI** | 55.1 | 55.1 | 55.1 |
| 4:30 a.m. | **UK Markit Manufacturing PMI** | 54.2 | 54.4 | 54.0 |
| 5:30 a.m. | **Auction: Germany to sell €3bb 10Y Bonds** | - | 0.36% | 0.47% |
| **Rest of World** | | | | |
| 1:00 a.m. | **Japan Vehicle Sales YoY** | - | -7.3% | 1.2% |
| 2:00 a.m. | **Russia Markit Manufacturing PMI** | 50.2 | 49.5 | 48.1 |
| 11:35 p.m. | **Auction: Japan to sell 10Y Bonds** | - | 0.037% |  |

08/02/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries flatten, though the response is muted compared to equities.** USTs bull flatten, with 2Y yields -1.3bp, 10Y yields -2.8bp, 30Y yields -2.7bp. TY experienced ~4-tick dip after London open but recovered to +6 ticks on the day on good volumes (~125% of average), aided by a global equities selloff and JGB movement. FOMC news was generally viewed as a non-event, and investors are still pricing in a September hike. Today, watch Treasury announcement of 3M and 6M auctions along with jobless claims and industrial indicators.
* **Lots of movement in Italian bonds, as BTPs bear flatten.** BTP 2Y +20bp, BTP10Y +14bp, BTP 30Y +2.5bp, as investors fled from short-term debt with volumes ~150% of averages. An important meeting between Finance Minister Tria and PMs Salvini and Di Mario to discuss budget concerns will occur today, sending yields through the roof. Trade concerns and a large Spanish bond sale also weighed on BTPs.
* **BoE unanimously votes to raise rates to 0.750%.** The rate hike was nearly completely priced-in by the market, and BoE is maintaining its “limited and gradual” policy moving forward. The 9-0 vote surprised some investors, not in the committee’s final decision but in the insistently hawkish stance the members have taken amid Brexit uncertainty.
* **President Trump ratchets up trade concerns.** US President Trump confirmed yesterday’s reports, threatening to impose 25% tariffs on $200bb of Chinese imports. Equities reacted in-turn, but government bonds had a muted reaction. This may indicate that bond traders are dismissing trade-related movements in their macro views, but the response could have also been dampened by headwinds from JGB movement.

**Equities**

* **Equities drop across the board as risk-off sentiment pervades.** NASDAQ futures (7220, -0.75%), S&P e-minis (2793, -0.6%), Dow futures (25123, -0.66%) all down on escalating US-China trade concerns. STOXX (386, -0.85%), DAX (12519, -1.7%) down, hitting Banks (-1.8%), Industrials (-3.15%), and Autos (-1.9%) hardest. Asian stocks dropped ~2%.

**FX**

* **Euro and yuan slide while yen rises.** Furthered trade concerns have pushed investors to the dollar, as uncertainty enforced a general risk-off sentiment overnight. Euro (1.1614, -0.4%) and yuan (0.1462, -0.25%) both slid on the strengthening dollar. Pound (1.3098, -0.22%) cane under scrutiny ahead of the BoE rate decision. Yen posted gains as JGBs continue steepening.

**Commodities**

* **Oil continues its slide.** Crude (67.06, -0.9%) and Brent (71.94, -0.6%) down again this morning on supply concerns. Russia has boosted its oil output to pre-OPEC levels, and plans to sustain these levels for the rest of the year. Investors are concerned a real shortage could be looming, and await the next OPEC+ meeting in September.

**Facts and News**

* On August 2, 1990, Iraqi forces invaded Kuwait after talks regarding oil production and debt repayment break down. The action was the spark initiating the Persian Gulf War.
* A zoo in Cairo, Egypt is under scrutiny for false advertisement. Allegedly, the zoo cut some corners by spray painting stripes on donkeys, attempting to pass them off as zebras. A well-informed zoo-goer noticed the abnormal coloring of the animals, and took to Facebook to express his skepticism. Donkeys (~$700) are much cheaper to acquire than zebras (~$30,000), and some zoos have been caught pulling this type of stunt in the past. The zoo’s director, Mohamed Sultan, defended the legitimacy of his donkey-zebras on the radio. CBS News notes that zebras and donkeys are, indeed, different species.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Initial Jobless Claims** | 220k | 217k |  |
| 9:45 a.m. | **Bloomberg US Consumer Comfort Index** | - | 59.0 |  |
| 10:00 a.m. | **US Durable Goods Orders** | - | 1.0% |  |
| 10:00 a.m. | **US Factory Orders** | 0.7% | 0.4% |  |
| **Europe** | | | | |
| 5:00 a.m. | **Eurozone PPI YoY** | 3.5% | 3.0% | 3.6% |
| 7:00 a.m. | **Bank of England Bank Rate** | 0.75% | 0.5% | 0.750% |
| 7:00 a.m. | **Bank of England Asset Purchase Target** | £435b | £435b | £435b |
| 4:50 a.m. | **Auction: France to sell €2.41bb 10Y Bonds** | - | 0.670% | 0.740% |
| 4:50 a.m. | **Auction: France to sell €1.6bb 15Y Bonds** | - | 1.040% | 0.980% |
| 4:50 a.m. | **Auction: France to sell €2.4bb 20Y Bonds** | - | 1.370% | 1.28% |
| **Rest of World** | | | | |
| 9:00 a.m. | **Russia Gold and Forex Reserves** | - | $457.9b |  |
| 7:30 p.m. | **BoJ Minutes of Policy Meeting** | - | - | - |
| 8:30 p.m. | **Japan Nikkei PMI Composite Index** | - | 52.1 |  |
| 9:30 p.m. | **Australia Retail Sales MoM** | 0.3% | 0.4% |  |
| 9:45 p.m. | **China Caixin PMI Composite Index** | - | 53.0 |  |
| 11:30 p.m. | **Auction: Japan to sell 3M Bills** | - | -0.153% |  |

08/03/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries slow this morning, rallying briefly on EGBs.** TY quiet during Asian hours, trading mostly range-bound around 119-10 on poor volumes. TY saw a 4-tick bump after London open, but receded back to opening levels over the session. 2Y yields +0.6bp, 10Y – 0.2bp, 30Y unchanged; 2s10s to 31.2bp. Today, watch the jobs report, as analysts are expecting a fall in unemployment, furthering a possibly unsustainable trend. Current concerns include (i) the economy’s ability to continue to grow at its current rate, (ii) the US’s ability to keep up unseasonably high exports, and (iii) income growth not rising quickly enough to sustain massive consumer spending. Growth thus far has remained mostly immune to tariff threats and implementation, even receiving a boost from increased exports before new taxes were taken.
* **BoE’s Mark Carney considers no-deal Brexit probability “uncomfortably high.”** The BoE’s governor Carney is worried PM May’s government is stalling, running out of time to strike a deal with the EU before a self-imposed Brexit deadline. However, he did clarify, saying a no-deal Brexit is “a relatively unlikely possibility.” Markets ran with this information, with Gilts rising ~0.35% and bunds rising ~0.45% before paring gains. USTs bumped on this movement.
* **Italian BTPs erratic before Italy budget meeting.** BTPs were down on the day but appear to be moving to opening levels. Near-end yields rose as investors sold off their stakes under uncertainty about the country’s budget. 10Y yields broke 3%, an important benchmark for investors, though the move was erratic and unstained. Yields fluctuated ~20bp before normalizing, as investors put on massive flatteners before the meeting.
* **Late addition:** **watch the PBOC**. China just levied tariffs on $60bb of US goods, and vows to implement tariffs as soon as the US does.

**Equities**

* **Equities mixed: US futures stall, European markets up, Asian markets down.** US futures unchanged, with NASDAQ futures (7393, +0.1%) and S&P e-minis (2829, +0.04%) trading mostly sideways. European stocks traded up in London session, STOXX (389, +0.56%) and DAX (12606, +0.5%) on the day; Construction (+1%) and Resources (+1.1%) did particularly well. Hang Seng (27676, -0.14%) and Shanghai (2740, -1%) down with the weakening yuan, as investors show trade concerns.

**FX**

* **Major currencies follow the yuan.** Yuan (0.1456, -0.35%) has been underperforming following news of US-China trade tensions. The pound, and by extension the euro, also down on BoE’s Carney’s remarks. Additionally, USD advanced this morning on increased investor confidence in the developed economy.

**Commodities**

* **Oil down, metals stagnant.** Oil fell ~0.3% as indicated by Crude (73.68.77, -0.28%) and Brent (73.19, -0.35%), likely due to an embezzlement scandal involving the Republic of Congo’s oil minister, Jean-Marc Thystere-Tchicaya. China did not agree to cut Iranian oil imports, a blow to the US efforts to isolate both countries. Metals are relatively steady, with gold unchanged and silver up 0.1%.

**Facts and News**

* On August 3, 1492, Columbus set sail from Palos, Spain.
* The Department of Public Works (DPW) in Gardner, MA is taking some heat. They recently painted a “Y-E-I-L-D” warning on a street approaching a crosswalk, and later had to fix the misspelling; the process turned out to be somewhat costly. The DPW responded to critics on Facebook, saying “WE ARE NOT PERFECT.”

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Trade Balance** | -$46.5b | -$43.1b |  |
| 8:30 a.m. | **US Unemployment Rate** | 3.9% | 4.0% |  |
| 9:45 a.m. | **US Markit Services PMI** | 56.2 | - |  |
| **Europe** | | | | |
| 3:45 a.m. | **Italy Markit Composite PMI** | 53.4 | 53.9 | 53.0 |
| 3:50 a.m. | **France Markit Composite PMI** | 54.5 | 54.5 | 54.4 |
| 3:55 a.m. | **Germany Markit Composite PMI** | 55.2 | 55.2 | 55.0 |
| 4:00 a.m. | **Eurozone Markit Composite PMI** | 54.3 | 54.3 | 54.3 |
| 5:00 a.m. | **Eurozone Retail Sales YoY** | 1.4% | 1.4% | 1.2% |
| 5:00 a.m. | **Italy Retail Sales YoY** | - | 0.4% | 1.5% |
| 6:00 a.m. | **Istat to Release Monthly Economic Note** | - | - | - |
| 6:00 a.m. | **Auction: UK to sell £1.5bb 1M Bills** | - | 0.437% | 0.631% |
| 6:00 a.m. | **Auction: UK to sell £2bb 3M Bills** | - |  | 0.702% |
| 6:00 a.m. | **Auction: UK to sell £1.5bb 1M Bills** | - |  | 0.708% |
| **Rest of World** | | | | |
|  |  |  |  |  |

08/06/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries experience a slow day.** Volumes are ~65% of 10-day averages, with TY range-bound over Asian session before 3-tick bump over London session. 2s10s marginally flatter, -0.3bps to 30.2bp, but the curve is mostly steady, indicating UST traders are less interested in inflammatory trade rhetoric perpetuated in news reports. The Fed’s James Bullard is making headlines today, saying investors should not be waiting for an inevitable recession just because the economy has been hot, and that investors should be respectful of the signaling significance of the yield curve. Watch US auctions this week, as the market will attempt to digest new issues over the week.
* **Bund futures choppy this morning, while BTPs bull steepen.** Bunds struggled for direction, with yields down slightly across the curve. BTPs experienced some movement, as markets react to the Italian treasury stepping in to buy €950mm in short-dated bills on Friday.
* **JPMorgan’s Jamie Dimon believes 5% yields are coming.** Dimon believes 5% yield on US10Y is imminent, despite 10Y yields barely breaking 3% last week. His announcement was backed by his belief that the US economy could continue on its breakneck pace for another 2-3 years. He also believes cyber-attacks are the biggest risk facing the US today.

**Equities**

* **Stocks mixed, traders concerned about US-China tensions.** With the central bank announcements behind them and earnings season nearly finished, traders are now focusing on US-China tensions as key market-movers going forward. NASDAQ futures (7414, +0.2%) and S&P e-minis (2842, +0.1%) moving up after taking losses early this morning. STOXX (389.7, +0.15%) rebounding after taking an early Brexit-related hit, bolstered by Autos (+1.16%) and Households (+0.6%).

**FX**

* **Pound and euro fall on Brexit concerns.** TheUK’s International Trade Secretary Liam Fox voiced his opinion on the Brexit outcome over the weekend. He believes a no-deal Brexit is likely, blaming the EU for stalling discussions and enforcing arbitrary rules ahead of the economic prosperity of the UK. Pound (1.2938, -0.5%) plummeted on the news, bringing the euro (1.154, -0.24%) with it. The EU claims to be working “constructively day and night” to make a Brexit deal happen, but investors seem unsure.
* **Yuan declines.** Yuan (0.1460, -0.26%) continues its decline, and some investors are concerned about the regime pushing down the value of the yuan to cushion the impact of US-imposed tariffs on exports. The climbing USD was also a major factor this morning.

**Commodities**

* **Crude up after a rough week.** Both Crude (69.44, +1.4%) and Brent (73.96, +1%) rose significantly this morning on news that Saudi Arabia would be curbing production on lack of buyers. Traders believe this is a signal from the country indicating their desired price range, unexpectedly trimming output when prices fell. Saudi-Canada relations are also making headlines, as Canada calls for several women’s rights activists to be released from prison in the country. Further concern stemming from US-Iran relations, as the US called for all countries to cease imports from Iran beginning in November.

**Facts and News**

* On August 6, 1945, the US dropped their nuclear weapon—Little Boy—on Hiroshima, eventually forcing Japan to surrender to the Allies, ending the Pacific War.
* Residents of West Boise, Idaho awoke on Friday to a herd of over 100 goats storming the neighborhood. The goats escaped through a small hole in their fence, migrating to a nearby residential area in search of greener grass. Goats are generally non-confrontational by nature, and mostly presented a nuisance to the residents.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 2.000% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.160% |  |
| **Europe** | | | | |
| 2:00 a.m. | **Germany Factory Orders YoY** | 3.4% | 4.4% | -0.8% |
| 4:30 a.m. | **Eurozone Sentix Investor Confidence** | 12.8 | 12.1 | 14.7 |
| 9:00 a.m. | **Auction: France to sell €2.7bb 3M Bills** | - | -0.534% |  |
| 9:00 a.m. | **Auction: France to sell €1.1bb 6M Bills** | - | -0.532% |  |
| 9:00 a.m. | **Auction: France to sell €1bb 12M Bills** | - | -0.54% |  |
| **Rest of World** | | | | |
| 7:30 p.m. | **Japan Household Spending YoY** | -1.3% | -3.9% |  |
|  | **Russia CPI YoY** | 2.6% | 2.3% |  |

08/08/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries flat overnight.** Near-end USTs saw a downward shift of ~0.5bp overnight, with slight bull steepening. 5s30s +0.5bps to 28bp. TY traded 119-14/119-17 overnight, sticking to a tight range with volumes at ~75% of 10-day averages. News has been dominated by trade, as the US finalized its newest tariff list and global markets are stalling. Watch for results of the biggest-ever auction of 10Y Notes, today at 1:00 p.m., as the results could shed light on investor demand moving forward. The previous 10Y record auction was $25bb, set in 2009—today’s auction is set to sell $26bb.
* **BTPs on the rise while most other EGBs take a break.** The belly of the Italian curve saw some movement today, with BTP2y –5.3bps, BTP5y -6.3bps, BTP10y -4.8bps. Movement was spurred by market-friendly comments from PM Conte regarding the Italian budget. He believes government programs need to be “realistic;” this development seems to be common-sense, but Italian bulls are running with the finally-sensible news. The German sovereign curve showed slight steepening, but Bund futures saw extremely poor volumes (~65% of 10-day). BAML believes—depending on credit ratings of the budget—the 10y Bund-BTP spread (now ~240bp) could move to either 170bp or 400bp by December.
* **Brexit concerns have dominated news reports.** A no-deal Brexit poses the largest downside risk in the region, though trade negotiation threats and the world economy failing to provide support for UK growth are risks as well. The flat rate path (relative to analyst expectations) likely encompasses the tail risk of Brexit fallout. If Brexit goes smoothly, we could be looking at further BoE rate hikes in the future, though the BoE is likely to wait until after negotiations settle to take action.

**Equities**

* **Global stocks mixed overnight as participants ease into the summer lull.** US futures were choppy, but S&P e-minis (2859, unch) and NASDAQ futures (7473, -0.05%) remain mostly unchanged on the day. Earnings misses in Europe and the continued threat of global trade kept European markets depressed, as DAX (12632, -0.13%) and STOXX (390, -0.10%) led the decline on poor performance in Healthcare (-0.75%) and Insurance (-0.4%). Asian markets were mixed as well, with Shanghai (2744, -1.27%) and Hang Seng (28359, +0.4%) moving opposite each other near the end of the Asian session.

**FX**

* **Yuan steadies, pound drops.** The PBOC recently urged banks to refrain from “herd behavior” in forex markets, which had a stabilizing effect on the yuan (0.14629, -0.05%). The pound (1.286, -0.6%) hit lows for the year, mostly on positive performance from the dollar and Brexit concerns. Yen (+0.3%) advanced ahead of US-Japan trade talks in Washington, where Japan will likely warn the US against imposing tariffs on aluminum, steel, and autos.

**Commodities**

* **Wheat higher ahead of WASDE report, metals on the decline.** Grains, headed by wheat (593, +0.6%), on the rise ahead of the USDA’s WASDE report due Friday, which will give updated global supply/demand estimates. Gold (1210.64, unch) and silver (15.3531, -0.2%) dropping from overnight highs potentially caused by investors looking for havens ahead of a trade war. Metals are still near YTD lows. Crude is has been hovering around opening levels, with WTI (69.03, -0.25%) and Brent (74.43, -0.3%) seeing a slight rise on US-Iran news.

**Facts and News**

* On August 8, 1974, US President Nixon announced he would resign following the findings of the Watergate scandal.
* New York-based UMA Health is offering free, confidential therapy sessions for Mets fans following their recent 25-4 loss to the Washington Nationals. They state that the promotion is meant to “bring attention to the important role of therapy,” attempting to eliminate the stigma of going to a therapist.

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 7:00 a.m. | **MBA Mortgage Applications** | - | -2.6% | -3.0% |
| 8:45 a.m. | **Fed’s Barkin to Speak in Roanoke, VA** | - | - | - |
| 1:00 p.m. | **Auction: $26bb 10Y Notes** | - | 2.859% |  |
| **Europe** | | | | |
| 2:30 a.m. | **Bank of France Sentiment Index** | 101 | 101 | 101 |
| 7:00 p.m. | **UK RICS House Price Balance** | 4% | 2% |  |
| 5:30 a.m. | **Auction: UK to sell £2.5bb 10Y Bonds** | - | 1.434% |  |
| **Rest of World** | | | | |
| 7:50 p.m. | **Japan Core Machinery Orders YoY** | 10.5% | 16.5% |  |
| 8:30 p.m. | **China CPI YoY** | 2.0% | 1.9% |  |
| 11:30 p.m. | **Auction: Japan to sell 6M Bills** | - | -0.141% |  |
| 11:30 p.m. | **Auction: Japan to sell 30Y Bonds** | - | 0.704% |  |

08/09/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries mostly quiet overnight on low volumes.** TY traded 119-16/119-20 overnight, currently hitting ~75% of 10-day averages. Long-tenor yields dropped ~0.3bps, near-end mostly unchanged. Yesterday’s $26bb 10Y auction drew adequate support, signaling investor appetite for 10Y yields around 3% persists; appetite for longer maturities potentially shows investor expectations for an economic slowdown in the coming years. With falling inflation expectations, long-tenors are looking more appealing to hold. Today, watch for $18bb 30Y auction at 1:00 p.m.
* **EGBs somewhat muted, paring gains.** Gilts outperform as risk sentiment shifts to risk-off and supply outlook looks favorable. German sovereign curve looks steady, with 10Y yield -0.6bp. Again, poor volumes across the region make reporting on the movement fairly boring. Unpredictability in BTPs was seen yesterday, as markets reacted to comments from PM Di Maio.

**Equities**

* **Asia up, London down, US mixed.**  Overnight, Shanghai (2794, +1.83%) and Hang Seng (28607, +0.88%) both climbed fairly steadily. European stocks e were somewhat mixed, and seem to be rebounding, with STOXX (389.47, -0.05%) and DAX (12686, +0.4%) moving opposite Italy’s MIB (21728, -0.3%). Retail (+0.75%) and Autos (+0.5%) doing well at this point, while Telecomm (-0.5%) has lagged consistently. US futures up ~0.1%, though indices have been mostly up on the day.

**FX**

* **Pound climbs on US-Russia reports.** Likely exaggerated reports of the US imposing Russian sanctions caused a decline in the Ruble, leaving room for the pound (1.2904, +0.2%) to climb. There are few reasons for investors to hold sterling at the moment due to a combination of (i) poor market sentiment, (ii) weak economic data, and (iii) an extremely unpredictable political climate.

**Commodities**

* **Metals rise, oil stays stagnant.** Gold (1215.54, +0.17%) and silver (15.5025, +0.51%) held gains overnight as investors weighed the consequences of a global trade concerns and potential US-Russia sanctions. Oil hovered around opening levels, with Brent (72.23, -0.08%) and WTI (66.83, -0.2%) slowly declining during London session.

**Facts and News**

* On August 10, 1948, *Candid Camera* with Allen Funt made its TV debut.
* A 69-year-old Taiwanese man has become a local celebrity due to his *Pokemon Go* habit. He said he got hooked on the game in 2016, when his grandson showed him how to play. The man is colloquially known as “Uncle Pokemon,” and can often be spotted around town playing the game on the 11 smartphones he has attached to his bike. He sometimes stays out past 4:00 a.m. playing, and the habit costs him more than $1,300 per month. He is quite determined to catch ‘em all.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **CPI YoY** | 2.9% | 2.9% |  |
| 2:00 p.m. | **Monthly Budget Statement** | -$76.0b | -$42.9b |  |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 2.010% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.180% |  |
| **Europe** | | | | |
| 2:45 a.m. | **France Industrial Production YoY** | 1.4% | -0.9% | 1.7% |
| 4:30 a.m. | **UK Industrial Production YoY** | 0.7% | 0.8% | 1.1% |
| 4:30 a.m. | **UK GDP YoY** | 1.3% | 1.2% | 1.3% |
| 5:00 a.m. | **Auction: Italy to sell €6bb 12M Bills** | - | 0.337% | 0.679% |

08/10/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries continued flattening during London session.** TY traded 119-23+/120-04 overnight, keeping quiet over the Asian session before its 12-tick jump in London hours. 2s10s -1.5bps to 26.2bp, volumes ~120% of 10-day averages, indicating (i) investors went on a spree, or (ii) the time-related statistic is finally calibrating to account for general market sluggishness in August. Investors fled to USTs as havens, as uncertainty about EU exposure to Turkish assets pervades. Looking ahead, traders will be interested in CPI data to be released later today, along with 3M and 6M bill auctions.
* **Bunds rallied with treasuries.** Italian debt fell after a report that UniCredit was particularly vulnerable to fluctuations in the Turkish market, but most other EGBs rose as investors sought the safety of government debt. Gilts tracked bunds in a 2-3bp pullback.

**Equities**

* **Stocks fell as US-Turkey concern pervades all markets.** Asian indices kicked off the decline, with Hang Seng (28367, -0.84%) declining steadily over the session and Shanghai (2795, unch) making a rapid recovery after a day of steady losses. The decline led to European weakness, with STOXX (387.18, -0.74%) and DAX (12494, -1.45%) showing some of the poorest performance of the month. Big losers included Miners (-1.6%), Tech (-1.5%), and Autos (-1.4%). Following suit, US futures declined ~0.5% across the board. Turkish President Erdogan is to address the public today concerning the selloff of Turkish securities. Earlier today, Erdogan was quoted saying *“if they have got dollars, we have got our people, our right, our Allah,”* though most investors are primarily concerned with dollars.

**FX**

* **Turkey’s lira causing global FX decline.** Investors are concerned about US-Turkey relations, expressing their fears by tanking the lira. The ECB is reported to be assessing the risk of Turkish exposure of some banks, hurting other EU currencies. Euro (1.1471, -0.5%) and pound (1.2772, -0.4%) down on this news and related USD appreciation; euro hit its lowest level in a year. Investors chose to flee to treasuries and yen (+0.15%), traditional havens.

**Commodities**

* **Oil on the rise into US open.** A brewing price war between top Middle Eastern oil producers has investors watching crude. Brent (72.23, +0.3%) and WTI (67.01, +0.25%) up despite the reports, potentially on news that India is looking to cut oil exports in favor of ethanol. Additionally, China’s latest tariff list excluded US crude, a potential sign that the US can no longer be in the global oil market.

**Facts and News**

* On August 10, 1948, *Candid Camera* with Allen Funt made its TV debut.
* A 69-year-old Taiwanese man has become a local celebrity due to his *Pokemon Go* habit. He said he got hooked on the game in 2016, when his grandson showed him how to play. The man is colloquially known as “Uncle Pokemon,” and can often be spotted around town playing the game on the 11 smartphones he has attached to his bike. He sometimes stays out past 4:00 a.m. playing, and the habit costs him more than $1,300 per month. He is quite determined to catch ‘em all.

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **CPI YoY** | 2.9% | 2.9% |  |
| 2:00 p.m. | **Monthly Budget Statement** | -$76.0b | -$42.9b |  |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 2.010% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.180% |  |
| **Europe** | | | | |
| 2:45 a.m. | **France Industrial Production YoY** | 1.4% | -0.9% | 1.7% |
| 4:30 a.m. | **UK Industrial Production YoY** | 0.7% | 0.8% | 1.1% |
| 4:30 a.m. | **UK GDP YoY** | 1.3% | 1.2% | 1.3% |
| 5:00 a.m. | **Auction: Italy to sell €6bb 12M Bills** | - | 0.337% | 0.679% |

08/13/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries mixed this morning.** TY traded 120-07+/120-14 on the day. After opening high, TY took a 3-tick drop in early-Asian trading, but recovered quickly. Several 3-4 tick movements have been attributed to Lira-related concerns, but TY has steadied out around opening levels later in European trading. 2Y yield -2bps, 5Y yield -3bps, 10Y yield -2.3bps, 30Y yield -1.2bps, showing some bull steepening amid an overall downward parallel shift.
* **Russia looks to cut dependence on USD.**  Russia has vowed to protect its economy from new US sanctions by reducing its reliance on USD. US sanctions last week pushed the ruble to its lowest level in two years. They plan to implement further reductions of American securities holdings, and are attempting to conduct transactions in national currencies (ruble, euro, yuan, etc.). However, Russia’s main export, oil, is mainly traded for dollars, making the abandonment of US securities nearly impossible for the nation barring a fundamental shift in oil trading.
* **BTPs being volatile again, German bonds seeing some changes on the near-end.** BTPs saw 5-20bp movement, led by the near-end and the belly. Widely viewed as a flight-to-safety move, near-end yields suffered as risk-off sentiment pervaded. Some strategists believe Italian-German spread is looking cheap, though Italian volatility has investors on-edge about any BTP holding.
* **OATs steepen.** This morning in France, 2Y yield -0.4bps, 10Y yield +1.5bps, 30Y yield +2bps. Some French companies with Lira-related exposure (BNP, Axa SA) may take a hit during the risk-off period.

**Equities**

* **Stocks fell.**  Investors are worried about the impact of falling emerging markets on global economies. During Asian session, Hang Seng (27936, -1.5%) and Shanghai (2785, -0.3%) both down, though the indices recovered late in the session. European indices on a downward slope as well, STOXX (384.04, -0.5%), DAX (12340, -0.7%), FTSE MIB (20840, -1.2%) all down, with banks leading the descent. Historically, developed markets have been resilient to developing-nation stumbles, but during the turmoil investors generally prefer safer assets. US futures followed the trend ~-0.3% pre-open.

**FX**

* **Euro stumbles, yen gains on haven buying.** Euro (1.1375, -0.3%) down on stronger USD. Yen (+0.5%) up as investors still grant the currency haven status. All eyes are on USD/TRY.

**Commodities**

* **Gold and grains are down.** Gold (1201, -0.74%) and silver (15.1899, -0.80%) down as investors flee to US dollar, franc, and yen. With metals finding little in the way of safety flows, investors wonder what role they will play moving forward. Oil also down, though not with such a pronounced decline. Traders worry about contagion risk, how the EM selloff related to Turkey’s decline could affect countries meeting a majority of demand growth.

**Facts and News**

* On August 13, 1997, *South Park* made its debut on Comedy Central. The show has been wildly popular over the past few decades, but has drawn criticism for addressing controversial topics with humor.
* The U.S. Pizza Museum has officially opened its doors in Chicago. Some New Yorkers have debated this location, contesting that Chicago should not be advertising their pizza prowess. The Mayor’s Office of NY weighed in on Twitter: *“New Yorkers may not agree on where to get the best local slice, but we do know that deep dish is not pizza. Case closed.”*

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 11:30 a.m. | **Auction: $51bb 3M Bills** | - | 2.010% |  |
| 11:30 a.m. | **Auction: $45bb 6M Bills** | - | 2.180% |  |
| **Europe** | | | | |
| 4:00 a.m. | **Italy CPI YoY** | 1.9% | 1.9% | 1.9% |
| 5:30 a.m. | **Auction: Germany sells €2.075bb 6M Bills** | - | -0.632% | -0.6317% |
| 9:00 a.m. | **Auction: France sells €2.7bb 3M Bills** | - | -0.540% |  |
| 9:00 a.m. | **Auction: France sells €1.5bb 6M Bills** | - | -0.596% |  |
| 9:00 a.m. | **Auction: France sells €1.0bb 12M Bills** | - | -0.545% |  |
| **Rest of World** | | | | |
| 7:27 a.m. | **China Money Supply YoY** | 8.2% | 8.0% | 8.5% |

08/14/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries bear flatten.** USTs showed some flattening as investors sold off securities in the belly. 2Y +1.6bps, 5Y +1.7bps, 30Y +0.7bps. Slight flattening in curves, with 2s10s -0.37bps to 26bp and 5s30s -1bps to 28.6bp. TY traded mostly in range over Asian session, seeing a 4-tick drop near London open. Bank of America’s MOVE index states that Treasury market volatility is still subdued, staying below its 1-year average. Fed Chair Powell shows no signs of pausing the Fed’s hiking cycle amid concerns over Turkey, much to the dismay of eager reporters. In general, rates traders have been able to ignore the US-Turkey reports, as movement in EMs is relatively unlikely to shake the US economy on a large scale.
* **BTPs bull steepen, bunds decline.** A news report that Italian PM Conte and his top ministers agree with the sentiment calling for Italy to cut its debt load caused near-end yields to fall as some confidence was restored in the region. BTP 2Y -5.6bps, BTP 30Y -1bps. Bunds traded ~1-2bps lower on the risk-positive news. Support from a rising lira helped support risk-on moves.

**Equities**

* **Stocks mixed as Turkey cools down.** Asian indices traded down this morning, and European equities tracked the decline. Shanghai (2781, -0.18%) and Hang Seng (27753, -0.66%) down, making a slight rebound after a downward trend on the day. European indices were mixed, with buying at the London open as traders looked for discounts in banking stocks in the wake of Lira-exposure concerns. Indices still up on the day, with STOXX (385.74, +0.2%) and DAX (12380, +0.2%) led by Food&Bev (+1.2%) and Healthcare (+0.7%). US futures rallied, with NASDAQ futures (7454, +0.5%) and S&P e-minis (2836, +0.4%) leading the charge.

**FX**

* **Dollar drops as stocks jump.** USD down 0.2% against counterparts, but the decline was hardly enough to give any currencies a real boost. Lira rebounded after yesterday’s fall. Euro (1.1401, -0.1%) and pound (1.2765, -0.05%) mostly unchanged on the day, as volatility still pervades. News that Italian PM Conte repeated the need to cut their debt load did little to change market sentiment over long-term euro prospects. Yen pared some of yesterday’s gains.

**Commodities**

* **Oil on the rise after OPEC report.** OPEC released a report confirming Saudi Arabia, one of their top exporters, had cut production to avoid an oversupply. This, along with the looming declines from Iran once the US imposes sanctions on the country, should squeeze supply. Brent (73.34, +1%) and WTI (67.82, +0.92%) up on the news.

**Facts and News**

* On August 14, 1935, the Social Security Act became law. The 2018 report from the Social Security Board of Trustees forecasts that the program will pay out more in benefits this year than it will collect in revenues.
* Tim Draper, the venture capitalist known for his controversial backing of Theranos and his eyebrows, has finally dropped his campaign to split California into three separate states. The California Supreme Court knocked the initiative off the November ballot, essentially killing the movement.

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 6:00 a.m. | **NFIB Small Business Optimism** | 106.8 | 107.2 | 107.9 |
| 8:30 a.m. | **Import Price Index MoM** | 0.0% | -0.4% |  |
| 11:30 a.m. | **Auction: 12M Bills** | - | 2.335% |  |
| 11:30 a.m. | **Auction: 1M Bills** | - | 1.905% |  |
| **Europe** | | | | |
| 1:30 a.m. | **France ILO Unemployment Rate** | 9.2% | 9.2% | 9.1% |
| 2:00 a.m. | **Germany GDP YoY** | 2.5% | 1.6% | 2.3% |
| 2:00 a.m. | **Germany CPI YoY** | 2.0% | 2.0% | 2.0% |
| 2:45 a.m. | **France CPI YoY** | 2.3% | 2.3% | 2.3% |
| 4:30 a.m. | **UK ILO Unemployment Rate** | 4.2% | 4.2% | 4.0% |
| 5:00 a.m. | **Eurozone Industrial Production YoY** | 2.4% | 2.4% | 2.5% |
| 5:00 a.m. | **Eurozone GDP YoY** | 2.1% | 2.1% | 2.2% |
| 5:00 a.m. | **Germany ZEW Survey Expectations** | -21.3 | -24.7 | -13.7 |
| 5:00 a.m. | **Eurozone ZEW Survey Expectations** | - | -18.7 | -11.1 |
| **Rest of World** | | | | |
| 12:30 a.m. | **Japan Industrial Production YoY** | - | -1.2% | -0.9% |
| 9:30 p.m. | **Bank of Japan Outright Bond Purchases** | - | - | - |

08/15/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries tick up in the risk-off environment.** TY traded 120-01+/120-09+ on the day, currently reaching highs after faltering around London open. The curve pushed down and showed minor flattening, with 2s10s -1bps to 24.9bp and 5s30s +0.1bps to 29.7bp. Yen higher with USTs and the USD, indicating general risk-off moves from traders. Economists will be looking to productivity reports this morning, which could impact Fed decisions on a forward basis. Watch for today’s announcement of 5y TIPS and 3M/6M bills
* **EGBs tracking move in treasuries as equities decline.** The drop in European indices led to firmer EGBs in general. German yields down ~1.7bps across the curve, GBP yields down ~2-3bps. Italian yields are odd as usual, which is not out of place in a risk-off environment (2Y -1.1bps, 10Y +4.4bps, 30Y +1.7bps).
* **Turkey’s Erdogan makes moves.** Overnight, Turkish President Erdogan declared the imposition of taxes ranging from 50%-140% on rice, alcohol, and cars from the US, attributed to ~$1bb in US exports to the country. This announcement comes days after Erdogan called for Turkish banks to boycott American electronics (though it is unlikely they could afford them anyway, with the lira shedding nearly 40% of its value). On top of the tariffs, the nation’s banking regulator is trying to ward off a crisis by (i) giving banks more flexibility in dealing with Turkish corporate debt repayments, and (ii) limiting lira swap transactions banks can participate in (effectively blocking hedge funds from accessing lira liquidity in offshore swap markets, driving up short-term borrowing costs and making the lira less appealing to short). Turkey is also still refusing to release the US pastor they have in their custody. Now, Turkish companies and banks are calling for higher interest rates to stabilize their current situation.

**Equities**

* **Markets down everywhere.** During Asian session, Hang Seng (27323, -1.55%) and Shanghai (2723, -2.08%) both took a nosedive. Turkey-induced turmoil is blamed for the declines, though US-China tension lingers in traders’ minds. Adding to the decline was a disappointing earnings report from Tencent Holdings. European equities showed downward movement early and fell around 5:00 a.m.; STOXX (382.13, -0.7%) and DAX (12270, -0.7%) both on the decline, with major selling seen in Miners (-2.6%), Telecom (-1.1%), and Autos (-1.2%). US futures followed suit, down ~0.5% across the board.

**FX**

* **Lira firmed up, but euro is still under downward pressure from banks.** Concerns about European banks’ exposure to Turkey are intensifying despite this morning’s limitation on lira shorting. Euro (1.1316, -0.25%) down as USD shows some strength and Swiss franc reclaims its haven status. Pound (1.2704, -0.15%) slid along with the euro, potentially due to additional risk factors (Brexit, mainly). Yuan (0.14526, -0.4%) as market forces lead to its devaluation, mainly investor sentiment that renewed tariffs will hit China harder than the US.

**Commodities**

* **Commodities down, led by oil and metals.** Brent (71.75, -1%) and WTI (66.23, -1.2%) both down this morning on concerns that the Turkish decline could bleed into other EMs. The most recent PAI report showed US crude inventories growing by 3.7mm barrels last week, high above analysts’ expectations. Continuing demand concerns for both oil and metals stems from the US-China dispute, as investors worry institutional energy consumption will decline as global growth slows. Gold (1184, -0.8%) and silver (14.806, -1.7%) both down following oil.

**Facts and News**

* On August 15, 1939, *The Wizard of Oz* premiered in Hollywood.
* Ethan Sonneborn of Bristol, Vermont is running for governor. He is 14 years old, and has raised a whopping $1,700 in campaign funds thus far. The rather articulate teen said in an interview, *"I think Vermonters should take me seriously because I have practical progressive ideas, and I happen to be 14, not the other way around.”* The other candidates are as follows: Christine Hallquist (who is pitching herself as the potential first transgender United States governor), James Ehlers (an outspoken environmentalist hell-bent on preventing F-35 fighter jets from coming to the Vermont Air National Guard base due to noise pollution), and Brenda Siegel (a dance festival organizer known for her frequent commentaries in local newspapers).

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 7:00 a.m. | **MBA Mortgage Applications** | - | -3.0% | -2.0% |
| 8:30 a.m. | **Empire Manufacturing Index** | 20 | 22.6 |  |
| 8:30 a.m. | **Retail Sales MoM** | 0.1% | 0.5% |  |
| 9:15 a.m. | **Industrial Production MoM** | 0.3% | 0.6% |  |
| 9:15 a.m. | **Capacity Utilization** | 78.2% | 78.0% |  |
| **Europe** | | | | |
| 4:30 a.m. | **UK CPI YoY** | 2.5% | 2.4% | 2.5% |
| 4:30 a.m. | **UK Retail Price Index** | 282.1 | 281.5 | 281.7 |
| 5:30 a.m. | **Auction: Germany to sell €839mm 30Y Notes** | - | 1.02% | 0.94% |
| **Rest of World** | | | | |
| 9:00 a.m. | **Russia Industrial Production YoY** | 2.6% | 2.2% |  |
| 7:00 a.m. | **South Africa Retail Sales YoY** | 2.2% | 1.9% | 0.7% |

08/16/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries dropped on US-China renewing trade talks.** China agreed to meet with representatives from the US Treasury department in late-August to discuss trade terms, calming investors and shifting general sentiment to risk-positive. TY dropped 6 ticks as the news broke, trading 120-06/120-13 on the day, now hovering around the 120-08 mark as it did through London hours. Overall UST movement indicated ~1-2bp upward yield shift, showing slight bear flattening; 5s30s -0.7bps to 29bp. The movement offsets some of the gains seen yesterday (TY 120-02🡪120-11).
* **EGBs track treasuries.** Bunds driven by risk-on sentiment, erasing gains from yesterday’s flight-to-safety, mostly tracking treasury movements. BTPs bull steepen with 10y yields -5bps.
* **Turkey could reenter reports today.** Turkey’s finance minister is scheduled to speak today, and traders will be watching. Recent financial turbulence triggered a Turkish sovereign debt CDS inversion. One-year insurance against sovereign default is now costlier than the annual cost of five-year insurance, an indication that traders believe the sovereign entity is operating with high risk of default. Greece’s CDS curve inverted during the euro debt-crisis. In semi-related news, Deutsche generated ~$35mm from the Turkish turmoil this week, while Barclays lost ~$19mm.

**Equities**

* **Markets rise as trade fears are dampened.** A disappointing session in Asia—Hang Seng (27100, -0.8%) and Shanghai (2705, -0.66%) both down—European stocks picked up momentum on the back of US-China trade talks. Stoxx (381.25, +1.5%) and DAX (12219, +0.5%) moved up on the news, with Healthcare (-0.4%) dragging, Tech (+1.1%) and Insurance (+1%) leading. MIB (20705, -1%) down on the day as Italy is dealing with the fallout of the toll bridge collapse. US futures followed Europe’s lead; NASDAQ (7428, +0.75%) and Dow (25354, +0.65%) futures up leading into the trading session.

**FX**

* **Euro and yuan on the rise.** USD (1194, -0.2%) down as trade fears are subdued, leading to a rise in euro (1.1367, +0.2%). Yuan (0.14494, +0.5%) up on the day due to some PBOC meddling. Overnight, the PBOC banned commercial banks from using interbank accounts to deposit/lend offshore yuan through free-trade zone (FTZ) channels. This makes yuan more difficult—and therefore more expensive—for investors to short on a large scale, artificially inflating the price of the currency by deterring downward bets.

**Commodities**

* **Commodities rebounded on US-China news.** Global commodities are on the rise as investors are betting trade talks mean higher demand. Oil is lagging around unchanged, but grains and metals have jumped. Copper (260.95, +1.9%), silver (14.60, +1.1%) and gold (1179, +0.3%) all up on renewed belief in forward demand.

**Facts and News**

* On August 16, 1977, Elvis Presley died in his home in Memphis, TN from heart failure at age 42. Or *did* he…
* The American Society for the Prevention of Cruelty to Animals (ASPCA) removed over 600 birds from a single Ohio home yesterday after multiple neighbors complained about their noisy neighbor. The birds found included parakeets, cockatiels, finches, macaws and cockatoos. The organization is “focusing on assessing the birds' welfare and ensuring they receive appropriate care,” and the birds themselves “have been relocated to a temporary shelter until a court determines custody.”

**Economic Events**

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| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **Initial Jobless Claims** | 215k | 213k |  |
| 8:30 a.m. | **US Housing Starts** | 1260k | 1173k |  |
| 9:45 a.m. | **Bloomberg Economic Expectations Index** | - | 53.5 |  |
| 9:45 a.m. | **Bloomberg Consumer Comfort Index** | - | 59.3 |  |
| **Europe** | | | | |
| 4:30 a.m. | **UK Retail Sales YoY** | 2.9% | 2.9% | 3.5% |
| 5:00 a.m. | **Eurozone Trade Balance SA** | 16.9b | 16.9b | 22.7b |
| **Rest of World** | | | | |
| 11:30 p.m. | **(prev. day) Auction: Japan sells ¥1775bb 12M Bills** | - | -0.1440% | -0.1557% |
| 11:30 p.m. | **(prev. day) Auction: Japan sells ¥1711bb 5Y Bond** | - | -0.107% | -0.076% |
| 11:30 p.m. | **Auction: Japan to sell 3M Bills** | - | -0.1635% |  |

08/17/2018, as of 7:00 a.m. EST

**Fixed Income**

* **Treasuries up on Turkey concerns.** Following a slow session in Asia, TY climbed ~7 ticks over London hours, now stabilizing around 120-13. On the day, TY moved 120-07+/120-16, on low volumes. 2y -1.3bps, 5y -1.5bps, 30y -1.4bps on the day, leaving the curve mostly unchanged. The underlying cause for the flight-to-safety can be traced to concerns about Turkey’s lira, though UST price swings this week indicate traders are having trouble coming to consensus.
* **Bunds advance, BTPs decline.** Essentially the inverse of yesterday, bunds posted gains while BTPs lagged. For BTPs, 2y +1bps, 5y +1.3bps, 15y +2.6bps, showing some bear steepening, though the yield shifts seen today are not nearly as dramatic as others seen this week. The German sovereign behaved, with 2y -0.9bps, 10y -1.8bps, 30y -1.5bps, mirroring movement in USTs. Barclays withdrew its BTP recommendation (long BTP 5y, short Germany 5y) today as the proposed trade hit its loss-limit. Turkey-centered risk-aversion is likely to blame for the short-term losses, though longing BTPs may be profitable long-term, assuming a steely investor has the risk tolerance and cash to support the trade.
* **Selloffs in USTs are probably no problem.** According to Russian President Putin, *"The whole world can see that the dollar’s monopoly is precarious and dangerous for many. Our gold and currency reserves are being diversified, and we’ll continue to do that further."* The selloff of US treasuries by Russia (and later Turkey, though the move was unrelated to the current diplomatic spat) had some investors worried about a global treasuries selloff, led by China. China confirmed they would not participate in this type of scheme. Barring a coordinated selloff of treasuries by some of the largest institutional holders, this news is likely just noise.
* **Market sentiment is unstable.** The rapidly-shifting risk sentiment this week has been bothersome, with daily shifting of market tone leaving many perplexed. We saw negative sentiment from Turkey, positive sentiment from US-China trade negotiations, and now more negative sentiment from Turkey. Looking at TY, we are now nearing the end of the week at the same level we started (120-13) despite some wild intermittent fluctuations. On the 15th (bad news—Turkey), 120-01🡪120-11. On the 16th (good news—US-China), 120-11🡪120-08. On the 17th (bad news—Turkey), 120-08🡪120-14. Overall, yields have shifted down ~1-2bps with ~0.5bps of steepening over the week.

**Equities**

* **Equities dropped on Turkey news.** Asian indices were mixed, as Hang Seng (27213, +0.4%) and Shanghai (2669, -1.34%) moved in different directions. Stoxx (381, -0.15%) and DAX (12206, -0.25%) recovering after a mid-session Turkey-related dip. Banks (-0.75%) and Autos (-0.9%) dragged as investors are still concerned about European exposure to EM currencies. EM bulls believe this to be a time to buy euro-banks on the cheap. US futures mirrored movements in London, down ~0.2% as investors move back to havens.

**FX**

* **Dollar down, euro up.** The US dollar spot index fell 0.11% this morning, while the euro advanced the same. The lira, down about 5% on the day, is still dominating headlines.

**Commodities**

* **Oil and wheat rising.** Brent (72.21, +1.1%) and WTI (65.86, +0.6%) posting gains this morning as OPEC+ delegates delayed a Technical committee meeting due to an Islamic holiday. Wheat (571.25, +1.7%) momentarily jumped to above 3% on the day as Russia’s Agriculture Ministry said it will not discuss export limits, signaling that grain curbs were under consideration.

**Facts and News**

* On August 17, 1896, prospectors found gold in Alaska, sparking a chain of events leaning to the Klondike gold rush.
* The Iowa State Fair, long-known as a haven for food lovers, always sees competition among the 200 vendors to concoct the least healthy, most delicious food derivatives. One booth known for its decadent desserts is offering **cookie dough spaghetti**. In the dish, cookie dough spaghetti noodles are topped with a Ferrero Rocher chocolate "meatball," while the red sauce is substituted with a strawberry dessert sauce. A variety of other odd dishes will also be making debuts, including “ice cream nachos,” “beef sundaes,” and “brisket mango tango.”

**Economic Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Event** | **Survey** | **Prev.** | **Actual** |
| **United States** | | | | |
| 8:30 a.m. | **US Leading Index** | 0.4% | 0.5% |  |
| 10:00 a.m. | **University of Michigan Sentiment Index** | 98.0 | 97.9 |  |
| **Europe** | | | | |
| 5:00 a.m. | **Eurozone CPI YoY** | 2.1% | 2.0% | 2.1% |
| 6:00 a.m. | **Auction: UK to sell £2bb 1M Bills** | - |  | 0.725% |
| 6:00 a.m. | **Auction: UK to sell £2bb 3M Bills** | - |  | 0.725% |
| 6:00 a.m. | **Auction: UK to sell £2bb 6M Bills** | - |  | 0.722% |
| **Rest of World** | | | | |
| 9:00 a.m. | **Russia Retail Sales YoY** | 3.0% | 3.0% |  |
| 9:00 a.m. | **Russia Unemployment Rate** | 4.7% | 4.7% |  |
|  | **Turkey Sovereign Debt to be Rated by S&P** | - | - |  |
|  | **Russia Sovereign Debt to be Rated by Fitch** | - | - |  |