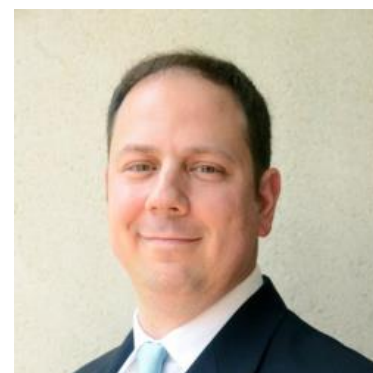


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The Day Ahead: Here We Are Again: No News is Good News

If there was an overriding theme last week, it was that the absence of new tariff drama helped the bond market recover some of the previous week's weakness. While it wasn't exactly tariff drama, yesterday's "Trump vs Powell" headlines served a similar purpose in that they spooked markets and caused selling across the board. No today, traders are buying the dip in bond prices (cautiously) amid an absence of additional escalation in yesterday's drama. Could escalation reemerge? Certainly. And if it does, markets will react. Until then, no news is good news, but not good enough to undo more than fraction of the previous day's damage. Indeed, this will be an ongoing theme (i.e. a certain--sometimes large--portion of the damage associated with such events will NOT easily be erased, even if the risk is seemingly defused).



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Counterpoint chart: much ado about temporary volatility?

