

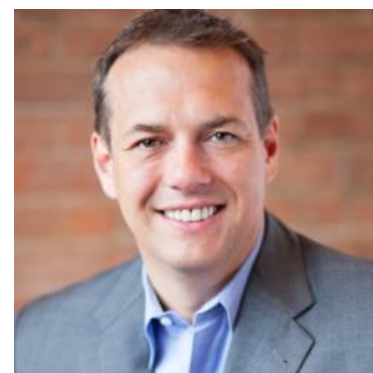
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The Day Ahead: Lots of Fed Speakers, But The Focus is on China

A glance at today's economic calendar quickly reveals that Fed speeches are the only game in town in terms of scheduled events. But what can the Fed say that we didn't already hear from Powell on Wednesday, or 47 other times in other speeches over the past month? Maybe something, but probably nothing earth shattering. Instead, the market is on the edge of its seat as it waits for breaking news from US/China trade talks this weekend. Anticipation is greatly amplified by yesterday's UK/US deal. It's tricky business to clearly define a reaction function here (i.e. would bonds like higher tariffs due to the recession odds, or lower tariffs due to the inflation implications). Just as the Fed can only conclude their mandates are in tension, so too is the bond market's reaction function. Thus, we're left wait and see, because different investors will have different lines in the sand when it comes to which side of the function matters more.

Today's chart isn't necessarily related to today's events/commentary. Rather, it's just a pertinent dynamic that continues playing out in the background.



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