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The Day Ahead: Overnight Selling But Still in The Range

In terms of news that seems like it should be important, the biggest overnight development was the announcement of a 35% tariff on Canadian imports starting August 1st (up from the previously-slated 25%). Exemptions for USMCA goods and energy/fertilizer are probable, but TBD. And of course, it's also possible the deal will change again before August 1st. Nonetheless, when it comes to a top tier trading partner, any durable increase in tariffs is a concern for the bond market from an inflation standpoint. Both stocks and bonds lost ground overnight with 10yr yields pushing up toward (but not over) this week's highs.



**Northeast Financial
LLC**

www.northeast-mortgage.com

P: (844) 788-7237

48 Meriden Rd, Suite 1

Middlefield CT 06455

NMLS# 117273

