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The Day Ahead: Trade Headlines Trump Durable Goods Data, But Minimal Change Either Way

Bonds were initially stronger, then weaker in the overnight session. There was a bit of additional selling in the first hour, but none of it corresponded with the 8:30am Durable Goods data. Notably, the data was much weaker than expected. This helps reinforce our lack of interest in this particular report as a potential market mover. Bigger volume followed a series of Trump comments just after 9am ET. Trump said he's meeting with UK prime minister tonight, he doesn't ever want a weaker dollar (incidentally, this is at odds with wanting rate cuts), he got the impression that Powell might be ready to lower rates, Powell is a very good man, most trade deals will be done by August 1, and that there's a 50/50 chance of a trade deal with the EU. Your guess is as good as ours as to which of those accounted for the volume spike and bond reversal, but the EU comment lined up the best. Either way, movement has been too small to really care.

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