



The Day Ahead: Some Volatility and Resilience After Trump Comments and Data

Alan Holom

SVP, Stockman Bank

www.stockmanbank.com

P: (406) 234-8438

2700 King Ave

Billings MT 59102

Bonds were reasonably stronger in the overnight session with 10yr yields down roughly 4bps from 4.56 to 4.52. About 8 minutes before the PPI data came out, a series of Trump comments on the Iran war sent oil prices and bond yields higher (new strikes and intent to take Kharg Island). PPI added to the pressure with the monthly headline hitting 1.1% vs 0.7% forecast. The fact that core PPI came in at 0.4% vs 0.7% last month tells us that energy prices are the main driver (as does the text of the report itself, oddly enough). In fact, both energy and goods inflation are running higher than post-pandemic.

PPI for final demand, 1-month percent change, seasonally adjusted



But the market assumes these can still be relatively short-lived spikes if the war ends. Reason being, even though goods inflation is the highest in decades (month over month), that includes energy-related goods.

PPI for final demand components, 1-month percent change, May 2026

Click on bars to drill down



Source: U.S. Bureau of Labor Statistics.

Bonds had already gone through this mental math and found their footing about 6 minutes after the data. A few minutes later, Trump made additional comments that helped push back in the other direction. With that, bonds have regained most of the ground lost earlier this morning.

