

- Inflation, as measured by both the CPI and Core CPI, increased in June. The year-on-year inflation rate was 2.7%, up from 2.4% in May. Core CPI increased to 2.9% year-on-year, up from 2.8% in May. Producer Price Index data will be released at 8:30 AM Wednesday.
- US ran a \$27 billion budget surplus in June, fueled by \$27 billion in tariff revenue, which was four times higher than in June, 2024. The total budget deficit for the current fiscal year is \$1.34 trillion, down 1% from June, 2024.
- Treasury held two successful bond auctions. \$39 billion worth of the 10 year bonds were sold, and the yield fell 6 basis points. \$22 billion worth of 30 year bonds were sold and the yield rose by only 1 basis point. Demand for both was strong.
- President Trump announced that effective August 1, he will levy a 50% tariff on Brazilian exports to the US, a 35% on those from Canada, and 30% tariffs on both the EU and Mexico. The EU tariff is somewhat surprising as most commentators thought the US and EU were on track for a trade deal. Trump justified the Brazil tariff partly on its prosecution of former President Bolsonaro. The US had a \$7.4 billion trade surplus with Brazil last year.
- Trump's OMB director wrote to Fed Chairman Powell blasting cost overruns on renovation work underway at the Fed's headquarters. Powell has refuted many of the letter's charges in Congressional testimony. Does the letter signal an effort to create a basis for firing Powell for cause?
- Nvidia's market capitalization hit \$4 trillion, making the firm the world's most highly valued company as measured by that metric.
- Bitcoin has hit new record highs (approx. \$120,000 as of this writing) as "crypto week" arrives on Capitol Hill. The House plans to vote this week on the GENIUS act, (already passed in the Senate), and the CLARITY act. The former would establish a regulatory framework for payment stablecoins. (A stablecoin is a crypto currency whose value is pegged to another asset class, such as a currency already in circulation.) The latter delineates the roles of the SEC and the CFTC in regulating cryptocurrency.