



## New Tariffs on China Roil Bond Market

- Last week was looking like a relatively calm week after the Fed only mildly disappointed the market and earnings and guidance continued to be pretty decent. Of course, that all changed with Friday's Twitter bomb from Trump announcing a new round of tariffs on Chinese imports to be implemented on September 1.
- A market that was already a bit overvalued saw spreads widen sharply and while the index print says we were 3 basis points (bps) wider, it was more like 5-10 bps if you actually tried to trade anything. Energy, which had already weakened, immediately sold off even more as WTI dropped over \$4 on the day.
- Other commodity-related sectors and trade-sensitive industries underperformed as well. Financials held in pretty well, but performance was likely in-line with the market.

## Investment Grade Corporate Spreads



Source: Bloomberg

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