

The idea that a peace deal is close supports market sentiment. Optimism prevails despite sparse details. However, this situation has been there multiple times before, which ultimately led to disappointment. Yet market is still reactive.

Oil prices continue to be largely headline-driven even as US has been drawing down the SPR at some of its fastest consecutive weekly rates on record. It's pertinent to note that once the SPR drawdowns inevitably slow down or hit their technical operational floors, market might lose its only shock absorber.

U.S. SPR inventories fell by 9.9 million barrels (mb) in 15 May week, taking total SPR volumes down to 374 mb and approaching operational stress limits.

For now, what matters most is not only the country's energy import dependence, but whether it has the institutional credibility, fiscal headroom, monetary flexibility, and external support to absorb the shock.

April FOMC minutes showed a hawkish lean - "many" members supported the views of the dissenters. (Recall April saw four dissents, most since 1992) - suggests a tough two-way debate at Warsh's first FOMC as Chair in June.

Nvidia's beat-and-raise performance but markets shrugged it off - its investment portfolio in focus as its non marketable securities jumped to \$ 43.4bn. Real question is whether NVIDIA is simply monetizing AI demand, or helping manufacture the speed of demand curve itself.

China's surplus with Germany has doubled between 2024 and 2025 from \$12bn to \$25bn (\$94bn trade imbalance), the CER said Germany risked sleepwalking into the deindustrialisation US experienced 25 years ago. EUR/USD has been posting lower daily lows since May 11 - down from 1.1794 to 1.1583. Obj 7 April low 1.1524, triple low by 1.1506 below 1.1650.

Nvidia results showed that it has not generated any revenue from H200 chip sales to China and remains uncertain whether it will be allowed. Inference is that China won't be able to close the compute gap anytime soon

Indonesia's 50bp surprise rate hike reinforces its focus on near-term stabilisation for the rupiah - reinforces the central bank's credibility and independence.

Rise in unemployment and weak pay growth underline how tough this year will be for UK households. Inflationary Impact has not yet hit them, as Electricity prices dropped 8.4% in April. Today, Reeves to announce a package on the cost of living. GBPUSD tipped to downside, sledding around its recent 1.3304-1.3450 range.

Japanese Exports rose 14.8% y/y in April (exp 9.3%). Crude oil import volumes fell 64%, the steepest decline since 1980, with value drop of 49.9% largest since Nov 2020. Soft machinery orders. Flash PMI shows Japan is still growing, but the engine is running hot on costs and the services sector has just lost its rhythm.

Rate hike speculation on the lines of Indonesia- Modest relief for Rupee - but the Buy sell swap auction announcement is jarring in the current circumstances - 96.30 96.80 developing as a core zone