US appears to choose economic squeeze on Iran over strikes, an option that might remove the chance of a Hormuz deal, while the second front continued to escalate.

China's stockpiles are quietly doing the work of absorbing the Hormuz shock -China is acting as shock absorber for roughly 5 mbpd of lost Middle East supply and hence the loss does not show up in global price .September's import data will show whether that can keep going.

Big Oil generated $48 billion in Q2 profits and nearly $90 billion in cash - windfall is fueling fresh political and environmental backlash- but With them showing no indication of heeding Trump’s threats, extending the Jones Act waiver (expiring on 16 Aug) is another lever to pull, from the perspective of the White House.

On payriolls , US economy shed 23,000 jobs in July, the first negative month since February.The headline was distorted by 50,000 drop in local govt education which is prone to seasonal volatility around the school calendar - statistical quirk than real loss.

If you squint hard, it is possible to even find glimmer of optimism -This is the third summer in a row that weakness is seen- unemployment rate fell to 4.1% , lowest in a year - however participation rate to a near 5-1/2-year low of 61.4% on people leaving labor force- all said, labor market is stuck in slow lane, characterized by low hiring and low firing.

Fed would read this as broadly stable.That keeps the Fed in a balancing act, with **this week’s July CPI a key swing factor for Fed** - July ISM Services Prices Paid index suggests upside risks to inflation have yet to fully recede.

EUR/USD bulls appear reluctant to fully commit as Europe is having multiple shocks - oil, war at the doorstep and climate .Share of electric cars sold by Chinese brands rose to 14.2% across Europe despite tariffs of 35.3%.How German industry can survive ? EURUSD still holds bid although logically it should trade much lower.

Markets tend to look past new tariff threat - CPI cooled to a 6-month low in July, marking a third straight negative month, while PPI decelerated from June's peak. Message : Domestic demand still looks very weak- potential Japanisation of the economy.

The swaps curve implies 50bps of tightening to 4.25% in next twelve months.**UK real GDP growth to slow in Q2 (Thu).**Consensus is for real GDP to rise 0.4% q/q vs. 0.6% in Q1. Absent a GDP beat, UK rate pricing looks vulnerable to a dovish repricing against GBP.

Takaichi is considering reshuffling her Cabinet and Katayama seems on her way out - Markets to keep testing her resolve till then - cautious tone ahead of Japan's holiday tomorrow.Above 158.07 200 dma., looks poised higher to 159.30.

Tariff shock adds to Hormuz turbulence.95.30 holds well for now . Break there sets up the upmove. Better to note that third week of every

August seasonally has been a challenge for Rupee .