

Era of synchronized growth is over. What has now followed is fragmentation - as a corollary, the alchemy of low interest rates is over - rates in different parts of the yield curve in the global economy have moved in contrary direction. Intriguing distinctions that make this cycle truly unique.

Powell's speech threaded needle between two forces: slowing growth and stubbornly high inflation. Although markets rejoiced at the slightest hint of Sept cut - frenzied optimism and paradoxical surge - that's only surface story - latest data should, have encouraged greater caution.

Powell's choice of words saying labor market is in "curious kind of balance" could signal that distortions from tariffs and deportations, have been warping labor supply and hence inflation harder to tame.

Markets have been focusing on Tariffs as a source of inflation but they haven't counted mass deportations - Out of the estimated 11 million undocumented immigrants living in US, 8.3 million were part of workforce - their exit to impact inflation, with prices estimated to rise up to 9% in a scenario in which the highest number of workers were deported.

Next key data Aug 29 US PCE prc Idx, Aug NFP Sept 5 will be parsed for policy clues

German IFO leads data-Resistance starts at Fri 1.1742 high, a close above that to confirm bullish outside day on Friday.

Would be biased to sell with a stop just above that.

Today's yuan fixing marked the largest upwards adjustment since Jan.

Gilt yields also pressing on 4.75% ahead of danger zone-Clean break of 4.75% to weigh GBP given fiscal. 1.3588 stop for another test of 1.3360

Ueda expects a tight labor market to keep upward pressure on wages, reflecting view stable inflation is set to take hold. USD/JPY 148.77 fresh range high Friday to 146.58. Classic Range 146.50/148.50.

Looming risk of addl tariffs - negotiations continuing - Dial back possible - USSINR weekly close above 87.50 confirmed non trivial risk of ATH this week in keeping with CY2013 - intervening holiday adds to the risk as well