Iran-US memorandum of understanding signed in June expired yesterday, with talks to end the war deadlocked. Oil market no longer seems to care as much as it did just a few months ago as it has lost its appetite for panic.

Markets have now factored a prolonged series of halting starts and stops to the conflict, causing flows through the Hormuz to continuously fluctuate. That could leave Brent averaging in the mid-$80 through the rest of 2026.

In this benign back drop , Bessent has stirred by promising unprecedented economic pressure on Iran, though there have been no detailed specifics.China's central role in Iran's oil trade is the most obvious target and the one to watch most closely, given any escalation against Chinese banks risks a tit-for-tat response from China on critical minerals exports, a flashpoint that could ripple well beyond energy markets.

On Warsh Fed , one thing is clear - Forward guidance is a talk of the past - while it was being practiced , it gave market comfort in the short term even at the cost of long-term institutional flexibility. But no more , that comfort is available.

Among Warsh's 15 appointments to five subject committees is Lord Mervyn King who describes forward guidance as "silly" when no central bank knows what interest rate will be in six months or two years' time.

Dismal US retail sales numbers for July, falling 0.6% m/m dedpite first 19 days of the month were still receiving a major World Cup spending boost.Non-store retail spending declined 2.2% as Amazon prime days pulled forward to June

FOMC minutes (Wednesday) likely to strike a hawkish tone and show how far support for a rate hike extended beyond Hammack, Kashkari, and Logan). Still, the recent string of soft US data has madev the minutes looking stale.

Europe heading into winter with gas inventories at a 17-year low, while available supply is tighter than in 2022., (when EURUSD was tracking the number closely). The From tourism to power generation and productivity, Europe feels economic cost of heatwaves.This current

Dollar weakness story seems at odds with these Europe's issues.

Unexpected twist of the day : China’s unusual scheduling shift for key July economic metrics to afternoon puts markets on high alert for very soft growth data which could result in potential easing.

Weak housing momentum alongside soft hiring intentions points to a consumer backdrop that remains fragile, a dynamic to weigh on sterling and keep gilt yields anchored into labour data tomorrow. BoE rate hike odds looking a tad more hawkish, 63% odds for Nov hike.1.3561 to hold.

Market concerns over Japan fiscal profligacy have since stabilized, reflected by consolidation in 10-year JGB term premium.Strong economy alone can further calm the concerns but Q2 GDP today disappointing. So 159.00 well supported.

USDINR equilibrium range 95.30- 95.80