Macro drivers have greater impact than politics and hence Biden’s dropping out has caused barely a ripple in financial markets. **However Biden-era economy saw** extraordinary rebound from pandemic - resilience has surprised - attributed to so many factors including Fiscal profligacy and productivity gains of AI.

But , On a closer look , this puzzle has an answer - Biden admin managed higher interest rate era by issuing bills instead of interest-rate-risk bearing intermediate/long-term debt (“coupons”), (violating the rule of issuing only 15% to 20% of debt in short-term bills rather than Coupon)

These 'tweaks' work almost like QE and provide stimulus almost like 1% cut in Fed rate - Treasury usurping core function of monetary policy & hence negating Fed's efforts. So long this practice stays , neither inflation nor Growth will cool off .

Markets have all along been barking at the wrong tree - Fed . Its obvious that When Treasury reverts back to usual issuances, the classical impact of higher rates on inflation & growth would be seen- Possibly with next Treasury Secretary ?

US consumer almost follows what P. J. O'Rourke wrote long back : “Better to spend money like there’s no tomorrow than to spend tonight like there’s no money.” .

Manufacturing recovery fleeting- Richmond Fed Mfg index weaker at -17 vs -7 exp.Existing home sales fell - focus on Q2 GDP, weekly jobless & durable goods & overarching Friday's June PCE .

UST 2s10s curve has steepened - higher term premiums -Pan-EU PMI expected to be weak.German exports to outside EU down 2.6% m/m, -4.5% y/y.**Stars aligning for a USD rebound-**Traded volatility is exceptionally low -market has concluded there is no trend here. Time to sell rallies with 1.0934 stop for atleast 1.06.

All on a sudden , there has been so much interest in China NCDs - strongly implies a huge surge in US$ swaps almost certainly tied to big Chinese banks propping up CNY (basically redistributing US$s to onshore market finding them increasingly difficult and harder to source). Dollar shortage?

Continued strong wage growth- BoE to stay put for sure - Paring of overextended long GBP positions- also weighed down by JPY strength as carry unwound.Support

1.2879, 38.2% of June-July rally; break there sets up 1.2820 .

Lower-tier flash PMIs -gain was from the service sector as its PMI jumped to 53.4 (vs 49.4 in June). BoJ rate hike rumours floated - Looks unlikely as intervention reignited - Toshimitsu Motegi seeks BoJ policy to be made clearer- political undertone - 154.75 & thereabouts low- very sharp drop- Below155 an opportunity to get long with stop at 153.90