

Markets transition from the global scramble for oil to focus on tightening Dollar liquidity. There is a growing realisation now that if there might ever be a central banker who would put to bed the Fed Put, it could be Kevin Warsh and as a result, limiting moral hazard and conventional risk pricing are emerging as part of market wisdom.

Global financial landscape is now defined by the heightened competition from Sovereigns and hyperscalers for liquidity against the backdrop of a hawkish Fed intent on leaving less footprint. For instance, Yesterday, treasury sold \$69 billion of two-year notes at a high yield of 4.189% - certainly better-than-average on strong domestic demand. SpaceX raised \$25 bio in multiple tranches with coupons ranging from 5.35% to 6.65% & Samsung announces plans of \$ 65 bio buy back.

Fed speakers - who would have been otherwise busy with their speaking assignments - are notably quiet since FOMC indicating paradigm shift that is evolving in Warsh Fed in limiting communications. Less work for macro analysts as well ..

Chip wreck as Global tech stocks continue to beat the retreat and go through a 'gut check moment' as the AI Revolution remains in the 3rd innings - collision between crowded AI narrative and a leveraged market structure - returns may remain positive but arrive with much higher volatility - Nervousness amplified by Micron's looming earnings report due today .

On data front, Mfg PMI rose to 55.7 from 55.1 and continues to be boosted by restocking of inventories. Though mfg input cost inflation moderated from May's recent peak, it was the second highest for almost four years.

Europe June composite PMI rose from 48.5 to 49.5 . If the backdrop of this PMI persists in the coming weeks, it will deter ECB from hiking. However, heatwave has prompted sharp rise in electricity prices across Europe - in a way, it has emerged as a new factor to reckon with, replacing oil. EURUSD evolving as expected - after sideways action, move below the 1.1000 level is possible.

Total online sales during the annual "618" from May 13 to June 18 grew by 4% y/y - drop from 15.2% last year - Weak consumption contrasts with strength in exports and technology - AI-related job displacement amplify headwinds?

With Burnham set to succeed Starmer, attention is turning to his policies and his advisors and hence Gilt yields keep a risk premium. Support at 1.3160 - the Mar 31 low to give way for Nov 2025 lows just above 1.3000.

BOJ's June Summary of Opinions showed some members calling for hikes every few months to reach neutral rate. Japan's services inflation pipeline is running hot. USD/JPY in familiar place, new equilibrium on 161.00 aiming for 163.36 (Dec 2, 1986).

Notwithstanding the expected or probably on going avalanche , USDINR back knocking at 95.00. Outstanding forward shorts in Fx reserves at USD 95.3 bio -reduction of USD 7.8 bio m/m - close past 94.80 should see move back to 95.30.