

On all fronts, it is a time for a great deal of concern. Ultimately, the concern isn't just about a single number on a screen; it is the realization that high borrowing costs are hardening into a punishing "new normal"

Behind-the-scenes efforts continue - outcome of those initiatives is a key variable for oil prices and, by extension, for the inflation and interest rate concerns now pressuring equities.

10-year US Treasury yield rose above 5.2%, its highest since June 2007, as weak auctions and Fed hike bets lifted real yields. Fed's own messaging has leaned in the same direction and yesterday it was Lisa Cook's turn to be hawkish.

Oct hike pricing is around 70%. The yield curve continues to be a live read on how the market is weighing Fed tightening - so moves in the 2s10s gap are clear headline signal for rate-sensitive assets - borrowing costs are rising sharply with the average 30-year US mortgage rate at 7.1%

Bond yields have now decisively entered a new stratosphere of pain amid the latest surge in oil prices. In case economic resilience & investment demand remain intact, there may still be scope for yields to move higher.

Longer the 10-year yield remains above 5.1514%, its more likely markets will raise their targets to the 2007 high around 5.33%, followed by the 50-year moving average near 5.65% and then 6.24%

Separately, Treasury Secretary Scott Bessent appointed David Zervos as an advisor - rather than signaling that the Treasury has run out of ideas, appointing someone who speaks the precise language of the bond vigilantes helps bolster the Treasury's credibility.

Europe : backdrop of renewed energy market stress alongside surprisingly resilient economic growth, as reflected in the flash PMIs. Tighter liquidity conditions as ECB continues to shrink its balance sheet. Santos Pereira said energy is the main inflation driver, with higher natural gas prices posing a key risk this winter. EURUSD still on course to break below 1.1325

Readout from China's State Council meeting noted that countercyclical adjustments will be intensified - marks a bit of a shift in tone - incipient signals of a reversal of a multi-year bond bull market.

John Healey has signalled Labour will stage a fresh attempt at welfare reform. GBP/USD broader downtrend remains intact with break below 1.3163 expected to see a violent sell off till 1.3000.

Minoru Kiuchi, the minister in charge of growth strategy says : We are no longer in the phase of Abenomics-style reflationary policy, which is based on aggressive monetary easing and proactive fiscal spending. The bonds and the yen suggest otherwise - pressure persists on yen to stay weak.

RBI bulletin shows forward short position on Jul 31, 2026 at USD 136.768 bio. August figure would be more gargantuan -Now that 96.00 is overcome , expect 96.30 to follow.