Simple thumbrule for navigating markets is to look at what Economists & Strategists (?) say - they generally don't commit on things, but whenever they do, the outcome would be opposite - Just see what they told you few days back - popular narrative was for Dollar demise and plunging global yields and ofcourse a Recession..

One shouldn't be a contrarian for the sake of being contrarian - better to know that they don't have true skin-in-the-game and their feedback loop is less than ideal. On the other hand, the Market participants endure pain for getting it wrong.

Anyway , Up until this point, the market has priced in a panic and subsequent reversal of the worst-case tariff outcome; current phase focuses on higher US yields.Trump's plan had been to offset Tax cuts with tariff revenue- but, while tax cuts are very much happening , tariff revenue looks lost. A critical moment when economic bravado meets market reality- bluster may not yield results .

Markets back to basics - dynamics of issuances & Deficits in focus instead of age old "obsolete" Oil price and "outdated" inflation dynamics - shrilling calls of "Drill Baby Drill", replaced by the current bond markets with " Sell Baby Sell"-

PPI and Jobless Claims (more relevant in this cycle) today- key event is Powell's speech. Powell will be measured in talking about the yields - he will not attempt to talk down the yields & leave it for Bessent to fight this battle with this talk of deluge of capital in flows from Gulf.

Putin to skip Ukraine talks, Russian team includes seasoned negotiators.EU patient in US trade talks.Foreign investment into Europe falls to 9 year low in 2024.Prelim EZ Q1 GDP today- EURUSD stranded in range - Would be inclined to sell for 1.1053

China Securities Journal sees space for RRR cuts this year by 100 to 200 bp. So further cuts coming , unmindful of global dynamics - PBoC looks comfortable to handle currency stability - experience helps

On 19 May, UK & EU will hold summit on resetting post-Brexit relations -most likely outcome is a defence and security pact -meaningful step forward.Yesterday's 1.3361 high should hold for 1.3169.

Benign markets have reverted back to rate differentials again and you cant have a stronger currency - in market pricing , there's only ~17 bps priced in currently by the final BOJmeeting in Dec. MoF data shows ~$25bn of foreign equity buying by Japanese investors in April- when USD/JPY was lower- equity purchases typically unhedged for FX- 146.00 presents another chance for them- buy this with a stop below 145.50 for one more test of 148.50.

As stated two days back, Its basics at work- USDINR driven by higher US yields- A test and break of 5 .11% in 30 year US should create panic in EM and hence to have obvious rub off impact here as well. -should trade firm ?