

Where does the U.S. economy stand at the midpoint of CY 2024 ? - **neither a soft nor a hard landing** - inflation persistent, rate cuts less likely to happen anytime soon amidst cracks in growth outlook - higher for longer rates as well as stocks .

"Higher for longer" rates were supposed to be stocks' albatross. But since Oct 22, rates (short and long) have climbed with stocks. The fear of higher rates probably went too far hence and positive surprise easier to attain - Nothing here looks all that unusual when you take a broader look.

However pertinent to note that not too many are talking about "Sahm rule" which is in play now - its associated with onset of recessions - a measure of change in unemployment rate - perfect record of signalling recessions over the past 50

years. Rule says whenever unemployment rate rises 0.5 % off a cycle low – difference between the current three-month average and the past year's three-month-average low – there is a recession.

With the mfg ISM pointing to contraction and construction spending faltering, its pretty obvious US economy depends on strength in demand for services. In tune with what is happening in France and the oil markets , Yields at the back end of US Treasury curve continue to rise though the front end remains subdued.

Summer Oil demand optimism further buoyed by OPEC+ supply cuts' concerns continue that Israel will invade Lebanon in an all-out war with Hezbollah. Latest Rig count shows US oil production has topped out for now and will roll over at some point

if this drop continues. Oil prices on the rise and you can't dismiss this as a short term aberration .

Today , Powell is set to speak alongside other Central bank heads at Sintra - the European equivalent of Jackson Hole- nothing new to rattle the markets.

The problem with France extends beyond these elections. Voters have the choice of deciding between statism, more statism, or outright communism -CDS has soared to post-2020 record of 39. Absolute majority is a “realistic possibility” for Marine Le Pen’s party in the second-round vote on July 7. Key Supports include Monday's 1.0718 low& last week's 1.0666

The relentless yen depreciation calls for a change in CNY defence policy .CNY/JPY

has risen from 20.00 to over 22.00 this year, marking a 40% rise since early 2020.

Labour aims for closer EU ties without reopening- UK industry and agriculture will prosper if EU friction eases. Hence a Labour victory is a positive for Cable. However, a stronger performance by Reform UK could affect GBP assets. (outrageous to believe some one expecting them to come second ahead of Conservatives). UK shop price inflation rose . GBPUSD to stay between last week's 1.2613 low & Monday's 1.2710.

Verbal intervention shrugged off - USDJPY sgaining pace - Resistance at 161.72  
Monday high, 161.87 upper BB. All set for 164.87 above 159.80 .

