

Explanations for these market moves continue to be an exercise in creativity. This is a market that's in the process of digging deep for a reason to hit panic state but yet to find valid one. *Occam's razor suggests* surging growth -being seen and having been factored -will not persist. Reflation trade off for now -sell recovery trade when the pace of growth peaks)

Falling yields and disappointing jobless claims have reignited worries of economic rebound. Optimism sours on vaccines to outpace Delta strain short term. **US stocks finish off lows but the dip-buying impulse was less than usual. At least US 10y yield held 200dma .**

US Consumer getting started- May cons credit O/S +\$35.28B vs +\$18.4B exp. USD index 92.40 to break for 93.40 test .

EUR traded like a conventional low yielder in a spell of risk aversion. ECB strategy review did not change timeline for EZ rate move, despite Lagarde's efforts at spin. Only concrete change was adding house prices to CPI, which is ultimately hawkish.

EUR/USD's rebound from 1.17815/835 Wed-Thu trend lows -mostly short profit-taking post Fed, ECB events. A 13bp rise in 5-yr Bund-Tsy yield spreads since July 1. too props. Main trend still down- 1.1895 the daily on-close pivot point

China's June CPI misses at 1.1% y/y vs exp +1.3%. But PPI matches estimates at +8.8% y/y from +9.0%. USDCNY to close above 6.4844 to support upside for 6.5500.

UK employers and consumers unfazed by Delta coronavirus variant. Support ahead of Jul 2 low 1.3734, then Mar/Apr lows by

1.3670, 200-DMA 1.3666.

USDJPY moves shocking - say that the world has not changed - Risk dynamics dominant driver even now. USD/JPY had worst day and week, so far, since Nov - now based ahead of 109.50 but risk still down. Sub-109.72 close reverses Apr - Jul 107.48-111.66 uptrend or else stay on course .

Tough back drop for Rupee - weaker global growth & firmer oil prices - Risk aversion to underpin USDINR - IPO related inflows to hinder. Bigger pic 74.33 to hold for 75.60 . For now 74.87 break to ensure 75.12 test .