

Fed can slam brakes but this US economy won't lose speed anytime soon.

Stronger ISM/PMI - however marred by a sub-50 employment reading, which in turn may have been clouded by difficulties in finding workers as confirmed by JOLTs - Job openings out-number seekers two-to-one - upward revision, while little changed hires, quits and separations left the labour market looking tight. FOMC minutes reflect hawkish stance, taken in stride

To-fro in US yields causing concern amidst recession worries. US yield curve again inverted, Tsy 2s at NY close 3.014%, 10s 2.932%. USD index obj 107.31 Dec 2002 high next objective; support strong at 106.85-90.

Oil plunge hints more at panic and forced

liquidation than a structural change. Just as in March, book(s) is(are) blowing up and when this VaR shock is through (maybe today), we could see a serious move higher. The curve always tells the truth. When the real physical world and paper/financial world diverge, the physical world always wins.

German benchmark 1-year forward electricity contract surges to an all-time high above €340 per MWh. At current price levels, German manufacturing is going to crumble. ECB June policy meeting minutes today . ECB rate hike expectations continued to diverge to the downside from Fed - 2-year bund-Treasury yield spreads down to -2.50% from June's -1.98% high. Parity wait continues

China announces measures to boost

vehicle sales. USDCNY Firmly in narrow consolidation range 6.6920-6.7230.

Sterling is not especially bothered by the political news., as it already has its plate full of negatives. Johnson could face Tory confidence vote tonight .The end is in sight for him and GBP to say good riddance. BoE's Pill sees no growth for economy, warns against big rate hikes. Pause in the downmove - GBPUSD 1.1893 to hold for 1.2010

BOJ is reported to be fully committed to its easing policy. USD/JPY range yesterday 134.95-136.01, Asia 135.79-136.14. Relative Fx stability a shot in the arm for Kshida ahead of upper house elections.

Negative terms of trade shock is the key rupee negative - addressing that with such

misplaced "debt binge" measures would hardly have impact that too in an era where global dollar liquidity has shrunk by more than 20% - moreover, there is no global hunt for yields as was the case in such episodes seen in the last decade - alarm bell has surely rung in mint street and sets the tone for another 2 pm rate decision ? 79.00 79.30 .

