Debt deal angst and on fears that inflation might not allow Fed to pause.

McCarthy did not provide any optimism that a deal is nearing. He said that there are a number of places that both sides are still far apart.Fitch placed 'AAA' on rating watch negative- T-bill yields surge to 7%.

Nowadays, FOMC minutes have become uneventful as we always hear from so many Fed members in the time between the meeting 3 weeks prior & the release of the minutes.

May inflation is probably going to show on a monthly basis that inflation is being stubborn.Headline might make more progress towards the 4% handle, but core will undoubtedly remain sticky in the 5s.

Inflation in UK is the precursor to US - not where anybody wants it to be — and this time no one can blame Liz Truss.Yield on 2-year UK govt bonds spiked to 4.33%, a level not seen since the "mini-budget" crisis last fall.So Truss is not the issue .

Today's data : German Q1 GDP, June Gfk & US Q1 PCE, weekly claims

EUR/USD weakness was counterbalanced by EUR/GBP buying.IFO Business Climate Index eased to 91.7 in May from 93.4 in April. Things are getting murkey - outlook for EZ growth is cooling - big downmove on break below 1.0736.

Chinese demand recovery continues to disappoint as seen in LME copper which fell below $8,000 for the first time since

29 Nov. Russia- China bonhomie may only exacerbate the stress. USDCNY well set for obj 7.1300

Higher interest rates in UK now reflect terrible fundamentals rather than misguided fiscal policy.A dramatic upward appraisal of yields usually supports the pound, but at this point run the risk of derailing UK economic growth, which could cap gains.A welcome good news however is that number of cars made in Britain rose by 9.9% y/y in April. A **close below** 1.2345, 38.2% of the 2023 rise, would open the door to 1.2242, 50% of the 2023 rise.**and then 23.6% of 2022/2023 uptrend at 1.2130**

8th consecutive week of net foreign purchases of Japanese stocks. Looks more a overstretched exchange rate play -

pivot trade - would bite dust if USDJPY crosses 139.78 . Only few saw this coming Pain trade is higher USDJPY - obj hit - stay aside and buy those dips .

USDINR should climb back above 82.85 as the Single stock flows dry up - at 7% T bill yields, even this "die hard" investor will face a funds crunch- May end seasonal cash dollar shortage woes as well - 82.70 83.00