

Skip in June and Jump in July seems to be developing as a consensus - however a hot core CPI print on 13 June could tip the balance. Moreso with this OPEC move, Fed is most likely to stay the course with a 25 bp in June as well as July .

Fed's ultimate goal of breaking something is yet to be realised and thats the precise reason that Fed wont skip June .Mind you, S&P500 is exactly flat since Fed started. Imagine, it went from 0 to 5%+ rates in such a short span of time - equities as well as employment are holding up strong .

A year with negative earnings growth, all the returns so far in 2023 have been a function of higher valuations; that is, investors' willingness to pay more for each dollar of earnings. Fed has got a lot to do.

Differences between household & establishment measures notwithstanding, the overall picture is still strong – ADP data, monthly JOLTS data, weekly job less and this payroll report point to tight conditions persisting in the labour market. Simply put, **self-employment boom** - that we saw during the pandemic recovery- has fizzled out.

Saudi pledges big oil cuts in July as OPEC+ extends quota deal. Just like Equities don't wilt when Fed goes on high speed , OPEC cuts don't sustainably support Oil - the world is living a different paradigm- conventional wisdom hardly proves right .

EUR USD topped out earlier on Friday at 1.0779.1.0653, 76.4% March/April rise, and last week's 1.0635 base key supports.

US-China fears escalate amid no talks in Shangri-la Dialogue, Navy presence in Taiwan Strait. China could fill SPR with Russian oil . 7.1300 break sets up 7.20.

May's local elections in the UK have raised doubts about Sunak's future. **BoE hawks seem to retreat.** 1.2308 May low to break as 1.2545 June high holds.

Composite PMI expanded at the fastest pace since Oct 2013 -staying above 50 for the fifth straight month. No chance of any YCC tweak any time soon as Kshida faces elections .May's 140.93 peak by 2023's channel top by 141 is the immediate hurdle.

USDINR should see higher highs and lower lows - erosion of carry is the primary

factor., which does not augur well for
capital account - 82.40 82.70 day