First half of 2023 was characterized by some signs of recession contrasted with other signs of resilience - **inflation proving stickier and sentiment in the stock market has gotten 'pretty frothy,'**

S&P 500 rose 15.9% in first six months of 2023 for its strongest first-half of a year since 2019. Second half may well be opposite of the first half so that we stay unchanged for the year ?

AI Craze & $1.2 trillion Inflation Reduction Act have softened the blow of higher real rates .Labour hoarding also contributed, with claims dropping whilst consumer sentiment is back to 109.

Of some topical interest : Fed released

a note on new Index to measure U.S. Financial Conditions - over week end -to gauge broad financial conditions & assess how the conditions are related to future economic growth . it suggests that the current conditions are tight & will slow growth.The question is how relevant the Fed is on economic activity - seems like their sway has diminished .

Tomorrow is the 4th of July, so US will be out -markets may be a bit thin - however the week will be an eventful one - the ISM mfg ,FOMC Minutes, and payroll & couple of Fed speak - can certainly expect strong set of data & hawkish rhetoric - who cares ?

Personal spending was up just 0.1% m/m - flat in real terms -core PCE deflator rose 0.3% m/m as exp - core PCE inflation rate little softer to 4.6% y/y down from 4.7%.

EUR/USD ended choppy week just 0.11% higher than previous week's close.ECB may be forced to rise rates beyond July. **Convergence of 50-SMA, one-week-old descending resistance line limits immediate Euro upside.**

Korean Exports fell for the ninth month in June on the back of weak chip (-28%) and petroleum (-41%) exports. This slow down in global denand & the property sector woes - Long time before China comes back - PBoC drained hefty 400bn+ yuan in open market operations. No signs of bazooka - 7.4400 coming .

BoE's focus remains on wages & services inflation, so job report (11 July) and CPI (19 July) will be the key- 25bp on 3 August done deal - Last week's 1.2591 base then 1.2578, 50% May/June rise are key supports. Rallies to get sold into

BoJ Tankan survey defends easy-money policy - firms expect the CPI in Japan to remain above the BOJ target for the next five years **.Japan PMI weakens for June. 146.10 beckoning -**

Carry compression is the key negative which underpins USDINR- as it directly impacts all line items in capital account. Worrying External debt data (did any one care to see?) & rising servicing cost Euphoric markets .81.80 82.20 range