

One of the frustrating things post failure of obscure MMT fiasco is the notion that central banks could tame inflation through price of money, even as they continue to ignore quantity of money - idea is that interest rates matter, and money does not,

Simply put, Fiscal dominance, large debts and deficits have muted impact of higher interest rates as a policy tool in modern era .Higher for longer appears inevitable & avoiding recession historically improbable-however markets stay in denial.

Its not a surprise to see FOMC minutes being uber hawkish . It was the turn of the back end of the yield curve to rise. **Focus shifts to NFP** number which will be strong - but the fact of the matter is that it offers litte information about the current underlying trends. (Today, ADP, claims &

ISM services).

ECB confused as markets : Nagel: Interest rates must rise further Visco : More rate hikes are not the only way to curb inflation. ECB priced to hike twice - would they do ? 1.0825 break to see 1.0615-30 where the 200 dma converges with May 31 trend low.

Move by China to control export of chip materials seen as a big countermeasure in the long-running US-China tech fight .There is however a similar episode in 2010 when China's export ban on rare earths imposed on Japan failed, almost immediately. Pessimism mounts about on Jump in Chinese buying Hong Kong & Macau wealth products. 7.4400 objective

GBP USD in narrow range- recession risks

act as a headwind and favours bearish bets . Receding expectations of an aggressive rate hike - BOEWATCH prices a 50pt Aug 3 hike at 62.3% down from 72.17% .1.2688 low on Tues &Wed- break sees 1.2578 50% May/June rise first supports

Japan sees biggest average wage hike since 1993 - this was supposed to be the springboard for the BOJ to start hinting at policy change under Ueda's regime. But after three months, there is no signal BoJ sustains YCC without perceiving a need for adjustments. Risk off undertone not a help for JPY nowadays - 146.10 obj.

So euphoria around Rupee cools - a small upmove makes markets jittery confirming Shortcovering - Rumours of a large ECB draw down doing rounds - Must be brave

enough to borrow at these US rates &
leave unhedged in the current carry regime
- any way steady upmove towards 82.80
shaping up . For now 82.35 82.55 .