

In markets, there's a saying that "being right at the wrong time is the same as being wrong."

Loose US fiscal policy doesn't allow the economy to cool off - wages are surging as massive pool of undervalued Chinese labour is now history- The only escape from this conundrum is severe fiscal austerity which is less likely - hence longer it takes for recession to hit US , higher the Fed will raise rates- higher for longer is the net result .

Recognise this new emerging paradigm even at this wrong time- when falling U.S. inflation has spurred equities as well as eternal hopes of dovish Fed. Markets must find their way through the Fed's next moves, the crisscrossing trends of U.S. economy, and recession in Europe

compounded by the slowdown in China .

New generation Fx forecasting should account Extreme climate change Heat storm stretches into southern Europe, Lagarde at ECB conference today. Inability to close above 1.1274 a sign of a probable decline into April's high of 1.1095 .

China GDP data beat on q/q basis, miss on y/y basis- Fiscal stimulus continues to be the hot topic through the rest of 2023- Full Japanification appears under way -so exchange rate to bear the cross- USDCNY close above 7.1400 indicates 7.44

UK facing a more acute trade-off between inflation & recession than other DMs- inflation data on Wed is undoubtedly the one to watch- headline expected to fall to 8.2% for June, with core staying at 7.1%.

Mind you - GBP is also subject to same forces that sunk the dollar – e.g. a soft inflation print could hurt.

More than the US consumer, BOJ would have been relieved with the decelerating US Inflation - reason why speculation has built over the 28 July meeting is that the BoJ also releases its Outlook Report containing new forecasts – i.e. whether the rise in CPI is sustainable. Japan holiday .Close above 138.25 shows feeble uptrend in making

There is a theory that low volatility and predictable range does not necessitate high carry - but it is the absolute carry that matters for a capital importing economy - Trade data underlines the vulnerability-
82.10 82.40

