

Ahead of Fed, dominant narrative centres around the pessimism on Europe and optimism on China. IMF provides comfort as it sees 2023 Global Inflation Rate At 6.8%, 5.2% In 2024

Confirming US mfg recession, Richmond index fell to -9 from -8 and that is the 15th month in a row of below zero prints.

However, not since the outset of pandemic has consumers' assessment of present situation been stronger than it is today- Headline confidence has broken out of the sideways trend.

This consumer confidence should result in increased Fed confidence and a rather staunch "continuing tightening bias" statement. However Powell has luxury of not having to commit too much this time

potentially setting up Jackson Hole as the time to signal.

July PMI pointed towards contraction than stagnation - confirmed by German IFO business climate index which came lower at 87.3 ( 88.6 previous) - lowest level since Nov 2022. Break **below 21 dma @ 1.1040 & 1.1031- 38.2% May Jul for 1.0955**

Notwithstanding the drip feed of measures over recent weeks, optimism new directive from Politburo will be turned into powerful stimulus at the State Council level - but short-term trends may fizzle out. 7.1400 in USDCNY to stay in tact .

**Diminishing odds for more aggressive BoE rate hikes- IMF keeps UK growth forecasts unchanged. Monetary tightening will bite harder through time -with fewer supportive**

disinflationary forces in Q4, downside risks to the resilience. 1.2824, 38.2% May/July rise proved resilient on the close, now key support- although vulnerable

**BoJ must be "smiling" as IMF warns of upside risk to inflation, urges BoJ to start preparing for tightening- quite a possibility that speculation of BoJ in Sept could build quite rapidly. The uptrend has stalled ahead of 61.8% Jun-Jul slide at 142.08. **Upside break only after BOJ as Fed is very much in price.****

Little bit of reality check required - at times - in an otherwise perception driven markets - slew of corporate earnings reveal challenges for leveraged names in the interest expenses front (at the end of more than a decade of global easy money, in which they borrowed vast amounts in FC

at floating rates ). 82.00 handle to be  
reclaimed for sure - thereafter 82.20 next