Sharp monetary policy divergences from three major central bank meetings last week : Fed left door wide open for tightening, while ECB started to close its door. BOJ remains wary of hiking rates anytime soon. Bottom line: the 2-year differentials should continue to move in the dollar's favor.

Wall Street grows more confident that a soft landing is very much obtainable. Goolsbee aided that view by saying over the past six months, inflation has been reduced without causing job losses. He referred to this as 'walking the golden path.' - current business cycle has been unique & typical economic trade-offs have not applied.

Dallas Fed did not provide an inspiring outlook as activity remains sluggish, while prices paid and received rose.Chicago PMI was softer - yet to benefit from increasing aircraft orders. For the trading month of July , yields were mostly higher with the longer end making biggest move. 2-year yield was marginally lower for the month (-1.5 bp), while 30 year yield rose by 15.4 bp.

South Korean July exports and imports both slump more than expected-Exports fell by 16.5% YoY (vs -6.0% in June)-
exports of semiconductors, South Korea's key export item, fell 34% due to falling demand & drop in chip prices.

For now, focus is on diverging economic outlooks, as U.S. data remains firm even as EZ data rolls over.German economy minister warned of five tough years - that bleak outlook could weigh on sentiment.

Falling EZ inflation anyway to cap EUR/USD - 1.0955, 50% May/July rise to break for 100 dma@ 1 .0910.

Finely balanced RBA decision as well as China's Caixin mfg PMI- measures stopped short of direct stimulus - instead, we have further "signals of support" and supply-side measures.

BRC Shop Price Index +7.6% y/y .Later this week is BoE with 25 bp .Looking ahead, 25 bp hikes Sept 21 and Nov2 are priced in.
Bank rate to peak near 5.75% vs. 6.5% in July.UK FX market daily volume up in 6 months to April; U.S. down - to test Friday's 1.2766 low & 1.2726, 50% May/July rise i

Markets still debating BoJ's surprise tweak to YCC. JGB yields rose but not by a whole lot.It’s still not clear what BoJ really wanted to accomplish with this tweak, but messaging unequivocally dovish.While strategic ambiguity is sometimes called for, this was not the time and thats why Yen weakens broadly .Data shows Japan’s labour market remains tight - this is a sign that wage growth to continue.**Close past** 61.8% of Jun-Jul drop @ 142.08 **bullish**, 76.4% @143.22 and ofcourse 145.00.

June fiscal deficit came higher than initially reported Rs.1.48tr deficit for Jun 2022, coming at Rs.2.41tr.In case deficit numbers for July do not dip sharply, then 5.9% deficit target may be at risk. - should be a concern but markets would choose to ignore .USDINR to stay with 82.20 82.50 consolidation for upside test of 82.80