

A soft landing is theoretically possible as employment seems to cool & inflation settles down without necessity of further hikes but really, aren't we a little old for fairy tales?

The jobs report was mixed - while it did not appear to move any needle for Fed, the markets seemed to continue with their irrational expectations. As of now it's clear **US growth profile is outperforming** rest of the World- **Pricing out US recession** = higher for longer rates = steeper curve = stronger Dollar .

Its just Undeniable economic momentum. (Atlanta Fed's GDPNow model is currently tracking Q3 at 3.9% SAAR vs. 2.4% in Q2), inflation has come down significantly. However, easy part is getting that down

from 8% to 4%; the hard part is getting it to stay there or bringing it down from 4% to 2%. - hence the markets continue to underestimate Fed's capacity to tighten.

Last week 's perfect storm of bond-negative news- On their own, declining odds of recession ,BoJ tweak or overhead supply might have had little impact but taken together, floodgates open - supply relentless - Treasury estimates Q4 issuance of \$852 bln - at these elevated yields, Treasury holds quarterly refunding this week. - hard to make a case for lower yields unless you are dyed in the wool bond bull.

Everyone will be watching US CPI on Thursday - other data include Tuesday's NFIB Small Business Optimism report & trade data and Friday's PPI report& prelim

UoM Sentiment /inflation expectations.
Till Thursday , its the Fed speak that would make headlines .Bostic & Bowman speak today .Harker speaks tomorrow. Bostic & Harker speak again Thursday.

Market expectations for ECB subdued.
ECB would stop hiking before Fed does - markets yet to price. Today's German June IP holds significance - exp at -0.5% m/m vs. -0.2% in May. y/y rate is expected at -0.2% vs. 0.7% - would be first negative reading since January. 1.0913 test again .

Something serious brewing ? - Mainland China airs documentary signalling military preparation for Taiwan attack.Ftich weighs in on China local-government financing vehicles. Flood gates open for 7.4400

Monthly U.K. data begins Friday. GDP, IP,

services, construction output, and trade.
Corrective upmove down as the pair begins
downside test of range low at 1.2620

YCC tweak is opaque - no clear indication
of what BoJ wanted to accomplish. Until
there is more clarity, market to continue
test BOJ by pushing the yields higher. For
a change, data matters a lot in Japan-
watch out for Machine tool orders Wed
Orders have contracted y/y for six straight
months & eight of the past nine- domestic
orders contracting even faster than foreign
orders. 141.50 - 143.50

Hard rock offers at 82.80 shields betting
on cooling external climate after current
turbulence but context looks different Oil,
Russian Rupee trap, Declining carry and
ofcourse surging global bond yields
besides August seasonals - all suggest

upside break imminent.