

This incredibly profligate policy at this cyclical low of 3.5% unemployment drives equity higher as well as inflation. Fed hikes obviously do not make a dent in inflation. So it's all blue skies everywhere - Equities, Global Bond yields & USD - unimaginable for a purist.

With \$32 trillion of debt and large deficits as far as eye can see and higher refinance rates - a deluge of supply of Treasuries is assured - When you combine this new issuance with QT (though at snail's pace), it is hard to see materially lower rates in next few years.

A weird observation ahead of much awaited Thursday CPI is that NY harbor diesel is running higher - it leads US CPI year-over-year - so an unpleasant surprise

of Higher CPI on Thursday ?

US Treasury's quarterly refunding, (where a collective \$103bn of three, ten, and thirty-year US Treasuries are auctioned) from today through Thursday - very rare to have bad Treasury refunding - e.g. consistently low bid to cover ratios or other metrics. Better to stay glued to that .

German IP dropped to -1.5% m/m - now seen as the sick man of the EZ- **Recession woes mount - ECB wont be of help though - joins the ranks of UK - All set to drop towards 50% Fibo of May-July, near 1.0950 - thereafter 1.0913 .**

Chinese exports plunged 9.2% vs. -8.9% exp (-8.3% pre). Imports fell 6.9% vs. -2.6% prior & exp 2.5 % drop -the mix of both imports & exports declining shows pain .

USDCNY upside opens up - obj 7.4400

UK BRC Retail Sales suggest lowest public spending in 11 months. Heavy July rain hurt UK retailers? Convergence of the 200 dma , the previous support line from May 25 and a top line of descending trend channel makes 1.2825-30 as a tough nut for 1.2620 test and break.

Japan Chief Cabinet Sec : China hacking into Japan's defense cyber networks not confirmed - however markets a tad nervous - Japan current account surplus yen 1.508 trillion. Pullback stopped above 55 dma 141.18. Obj 145.07

Rocks do melt at times - might give up 82.80 defence - well telegraphed rupee negatives - life time high in August - in keeping with seasonals- looks more likely

than ever before .