

Curious question : OPEC cuts and hence Fed moves with hikes or Fed hikes and hence OPEC moves with cuts - this vicious cycle continues to define the backdrop...

Focus will be on US CPI - especially toward the 'shelter' component which did dip to +0.4% m/m last month (down from 0.6%), but remains up 7.8% YoY. (Shelter accounts for some 34.6% of CPI).

Energy prices are moving higher with the price of crude oil reaching the highest level since November today, (but energy by comparison is only 6.87% of CPI)

Weak global trade & disappointing Chinese rebound are not any more new narratives. However China 's crude oil imports fell 2.412mb/d m/m to a sixth-month low of

10.429mb/d as stockpiling wanes- apprehensions that this might push Saudi to cut productions even further as it needs \$100 Brent to balance its books.

LNG : Price on the Title Transfer Facility (TTF) , rose to €43 per megawatt hour, up from almost €30 on Tuesday- Australian LNG plant worker strikes behind the nervousness over vulnerability of supplies -despite gas storage levels close to capacity in EU,

US Treasuries : After a solid 3 yr note auction ,Yesterday's 10 year auction was good - but not great. The yield of 3.999% was about where when issued was yielding right before - Bid to cover of 2.56 a positive, above one year average of 2.42 - direct & indirect bidders took down 90.5% of auction - the second most since Feb 22.

Real food spending across Germany, Italy, and France is now between 6-7.5% below pre-pandemic levels -a brutal cutback in essential consumption-serving as a stark reminder of human costs of weak growth. - for now , cautious mood ahead of ECB monthly Bulletin. Technically, Euro stays between a three-week-old descending resistance line and 50-DMA support.- which should eventually break.

US-China headlines have been against the mood but seemed mostly ignored of late. Combination of a clunky post-pandemic reopening, a fizzling real estate bubble and geopolitical fissures have made Chinese economic juggernaut look more fragile. So upside in USDCNY is obvious.

Market odds suggest a Sept rate hike at

85%, potentially peaking Bank Rate at 5.75% by Dec. Sterling has been in a holding pattern. Range set with 1.2620 August low & 1.2820, 38.2% July/Aug fall.

USDJPY bulls print monthly peak during four-day winning streak - evolving on expected lines. PPI eased to 3.6% y/y from 4.1% prior- supports more dovish stance of BoJ. New highs beyond 145.07 for sure.

USDINR continues with its consistent ability to frustrate. MPC would prefer to stay on self congratulatory mode - won't swing any needle.