It has been never-ending deluge of market-moving news, from inflation and Treasury issuance to the tail-end of U.S. corporate earnings season to the Chinese implosion.

Much of the progress in inflation thus far has been on the supply side, while there has been very little evidence of significant decline in demand -Continued strength in labour market & falling headline inflation result in rising real wages - it is likely that demand side of the economy would continue to drive services inflation. So Higher for longer policy outlook looks obvious.

For instance , Housing has remained resilient even as the average national 30-year fixed mortgage rate has risen. It ended last week at 7.53%, highest since Sept 2000.

At 20X forward earnings, and a “higher for longer” outlook for policy rates the risk market is vulnerable to disappointment. Moreso , After a series of false alarms, the Fed’s QT has begun to assert its impact - CPI, PPI & Michigan not overtly inflationary, but yields soar.

*Retail sales to show strength.*FOMC minutes (Wed) will be very important as is the case with weekly jobless which will be for BLS survey week containing the 12th of the month.Regional Fed surveys will start rolling out as well.Whatever the data, you won't get to see Yields decline for sure and *Broad Dollar strength should continue this week -*

Eurozone has a quiet week.Q2 GDP data & June IP Wednesday. IP y/y rate is expected at -4.0% . If so, this would be the deepest y/y contraction since Sep 2020. Drift lower into 1.0879 is happening .

China reluctant to inject large-scale stimulus, as evidenced by the weak July money and new loan data reported - they have obviously been trying to keep a lid on Yuan weakness - the most they are doing now looks to be smoothening out the decline with fixings . 7.4400 looms large .

CPI Wednesday. When all the recent wage agreements for public sector workers go into effect, this should put further upward pressure.85% odds of a 25 bp hike Sept 21 & 25 bp hike& Dec 14 is nearly priced in. Influence of yield differentials lessening as the recession apprehensions mount .10-DMA set to move below 55 dma- bearish cross- 1.2620 under threat for a deeper decline

Q2 GDP tomorrow- expected steady at 0.7% q/q. If so, third straight quarter of acceleration.July national CPI Friday will also be important.Markets put off by risk MoF or BoJ might defend yen above 145- but intervention looks unlikely .Options mkt not pricing in near-term reversal of USD/JPY uptrend.

Independence day week : never a good week for rupee - one stray thought - growth is driven by productivity rather than the population ,despite GDP growth being the sum of two.China's population was about 35% bigger than India's in 1995, while Chinese economy was about 50% larger. Today, India's population is bigger, but Chinese GDP is more than 5 times larger so It is labour productivity that dictates economic growth and prosperity and not population .Eventually 83.00 broke.