

Looking at the latest US economic data, its neither gangbusters nor horrible -however cheer is tentative at best.

Labour market tight as ever -*Consumers strong, but so are prices. While there was a little something for both hawks and doves ,markets eventually recognized that underlying details support further Fed tightening.*

*Politics* : Disagreement on discretionary spending sets up another Congressional showdown as it reconvenes on Sept 5. At stake: govt shutdown if House and Senate can't agree on spending .

Back to school days seasonally Tough Beige Book on Wed for Sept 19-20 FOMC - should be a mixed picture that sets the

table for a skip .Whipsaw moves in USD on Friday & today's U .S. holiday to keep markets muted.

EZ PPI & final services & composite PMIs and inflation expectations tomorrow.

Wunsch : Signs price pressure dissipating, but ECB's 2% target rate won't be hit before 2025.Odds of 25 bp hike near 25% Sept 14, rise to 45% Oct 26 & top out 60% Dec 14.

EUR/USD to 1.0882 before collapsing to 1.0773.Support at Aug 25 low at 1.0765 -break targets May 31 low at 1.0635.

Despite rising deflation & the embattled economy, China has rolled out only limited stimulus. Key July trade data Thursday -Exports expected at -9.8% y/y - imports -9.0% y/y.

Tightening expectations have steadied. 25

bp hike Sep 21 is largely priced in, followed by another 25 bp hike Dec 2 that would see the base rate peak near 5.75%. Below 1.2620 , support at 1.2540 break of which should see May's monthly low.

July cash earnings Fri very important, as BoJ wants to see higher wages before it feels comfortable. Nominal earnings to pick up to 2.4% y/y -real earnings to -1.4%. BOJ to stay on hold at Sept 20-21. Takata on Wed, & Nakagawa Thurs. USDJPY downside limited as 2-year U.S.-Japan yield spread hovers near 500 bps. Two successive weekly closes above 146.11 -upside opens for 2023's 147.375 peak

Oil at 88 plus - pin prick feel .USDINR to grind higher in 82.75 82.85 range.

