

Varied Interpretations of Monday's breakthrough "deal-to-do-a-deal" is still keeping the markets awake. The playbook -being dusted off is - simply a return to themes that were determining the market trends before the conflict. Fast money however is "going back to the future" but not fully committed until ink dries on Friday.

The oil markets have declared an end to war and are relentlessly removing the risk premium. That is a market that spent three months obsessing over missing barrels is now worried about just how quickly those barrels might come back.

Fed Chair transitions have historically been followed by higher Treasury yields, as markets reprice incoming Chair's reaction function. This post-transition rise in Treasury yields is still yet to materialize. Any repricing under Warsh may be more persistent than in past transitions because he takes over an already fragile Treasury market.

After today's FOMC, one thing could be missing : a dot. Read that as Warsh is not yet ready or he wants to express his stance on the dot plot and implications for "forward guidance." Markets may have to learn to live without Dot plots if Warsh has his way.

However markets would certainly be looking for him to stumble as Fed chairs are used to cause themselves problems early in their terms, or in their first press conference. Lesson from stumbles of Bernanke, Yellen and Powell besides Lagarde's famous "I'm not here to close spreads" is that markets tend to take small signals or modest messages and extrapolate big moves.

European parliament has given its final approval to implement last July's tariff agreement. Deal is expected to be formally adopted by EU leaders on Thursday. Downside risks for EUR/USD as Fed moves tend to have greater implications for EUR/USD than ECB and hence EURUSD waits for the undertone of new Fed chair.

Coordinated G7 move toward higher tariffs on Chinese goods today would be an escalation in the global trade war. (China competes directly with 58% of EZ exports, up from 46% in 2000)

GBPUSD well within 1.33065-1.3483 June range-to-date. Big Thursday tomorrow with BoE and politics bundled together - Simple logic is that whichever way the Makerfield goes tomorrow, Starmer will lose and GBPUSD will decline .

Japan's trade balance swung to a deficit for the first time in four months as weak yen inflated the value of imports, even as volumes fell. (yen traded at 158.29 on average, in May, 10% weaker than a year ago) .Takaichi appointee Asada dissented for hold yesterday - more appointees to board soon. So markets not re-rating BoJ's credibility- 160.72 break sets up

162.00

USDINR tends to be dragged down with oil - the 90 bio forward short positions should bring a bid back into the pair -A close above 94.45 would indicate that.