Even as the war is likely to stretch past the six-month mark and the midterms creep closer, the “repetitive loop” has evolved as a centrepiece of the strategy - it could be a means to gradually condition markets so they don’t have to price the full geopolitical risk all at once.

The idea seems aimed to stall, manage expectations, and delay asset repricing. You would continue hearing (atleast till midterms) the 'broken record' with tune... Oil down, stocks up .. till the weekend before another 'last chance' comes up.However, the scale of the Oil sell-off appears overdone as markets have been in this situation multiple times before, only to see things unravel.

On data front , ISM mfg PMI rose to its highest level since May 2022 - economic enthusiasm came from those selling into the data center construction and aerospace & defense.Nothing market moving though and bond yields still down on the day . Markets watch Jan 25 peak at 4.79% and of course 5% of Oct 2023 -which is sure to get retested. For now "twist steepener”

It seems the Fed can only hold off on a Sept hike if the incoming data turns dismal.A major input to that decision includes JOLTS job openings , ADP, and importantly Friday's payrolls.

For now, beyond the war and Fed ,intervention remains a major story - its sofar a bilateral US-Japan operation. A more powerful signal would come only from broad G7 backing - opportunity at the G20 Finance Ministers and Central Bank Governors meeting from 31 Aug to 1 Sept where US might seek wider endorsement.

However the post-intervention impact fading fast - macros are reasserting - Yen stability after last week's coordinated intervention helped USD index move back above its 100 DMA at 99.73 and LBB, bolstering the medium term base case view of USD strength

US Treasury seems to have intervened selling EURJPY on Friday . They have $13bn of euro-denominated FX reserves and they might have sold EUR 1.2 bio which they were holding as deposits - a drop in the ocean.EUR/USD looks set to consolidate below 100-DMA cluster 1.1540-68 into Friday's payrolls report, with risks skewed lower.

Official publication Qiushi defended China's low consumption in July, as a "historically justified" outcome of the investment-led catch-up development model.Such messages stop short of telling the West that China will not change course.

.

UK usually escapes scrutiny as one or other global event comes up to mask its weakness - coordinated intervention has helped this time . A decline below the 200 dma at 1.3400, should expose 1.3274, the July 28 low.

Despite a lot of dollars having been supplied to the market over the last three days – perhaps $70-80bn, USDJPY is buoyant , however holding for the most part below 158.00.Kiuchi declined to comment on any specific level for the yen, but said he is watching closely. Markets don't fret any more now as today's 10-year JGB auction drew weak demand.Test the waters by buying 160.00 call option.

RBI forward reserves(onshore + offshore) as on June end stands at USD-103.33 bn. It was USD -106.65 bn as on May end. Obviously set to scale higher and oppurtunistic bids might surface to cover the vulnerable 39.11 bio (in less than one year segment) 95.30 95.80 back.