

US CPI yesterday showed that the Inflation is on a clear upward shift even as the businesses manage to soften the impact of rising costs by relying on pre-tariff inventories & cutting back spending giving rise to rising unemployment. Its however probable that surge in claims might have been on quirks of Labor day volatility.

On the face of it , Jobless claims and CPI combine into one of stagflation. However this stagflationary shock is certainly offset by strength of household & business fundamentals, AI Capex by Private sector easing of monetary policies and the fiscal support. Hence Stocks continue climbing

Any way , it leaves Fed stuck in the middle with growth weakening even as inflation stays and stocks wildly front running them amidst collapsing volatility.

Lagarde's fast track push for Digital EUR is of interest - seen as defensive -The digital euro won't dethrone dollar, but without it, euro risks sliding into irrelevance. Rate-cutting cycle is likely over. With macros making little impact , lets turn to seasonals EUR/USD fell in September four years in a row 2020-23 . However 2024 bucked the trend with a Sept rally, though treversed in Q4 with sharp declines in Oct-Dec.1.1745 still holds on weekly close today ?

Bessent will meet with Chinese officials, in Madrid next week. Economy still shows no signs of recovery -for instance the high prices dampened Chinese enthusiasm for expensive luxury goods & a possible flat year for FHCM's 100 members operating in Chinese market.

GDP unchanged in July - economy slowed to a halt - disappointing news for Reeves as she prepares Autumn budget - GBPUSD got stuck in the range although bearish bias still stays .

Motegi and Kobayashi are the only two who have announced their intention to run: Political turmoil has created hurdles for BOJ.Bessent and Kato reaffirmed in a joint statement their basic commitment to let markets determine exchange rates and not to target them for competitive advantage.

146.50 148.50 till Oct 4.

Overshot the barricade at 88.35 yesterday and markets got anxious - a minor retreat today - when everyone is oriented to expect one sided movement, redundant to have any view -