

Markets remain largely unmoved despite a rash of narratives competing for attention - Geo politics, Fed independence and much debated state of US economy : Inflation & unemployment., besides usual headlines on Tariffs and newly acquired concerns on elevated Fiscal spending and Govt debt .

Drone incursion into Polish airspace - Polish say drones 'downed' - first time a NATO country directly engaged Russian assets in its airspace since Ukraine war started in 2022. Another front in Middle east - Israel's decision to strike Hamas leaders inside Doha & Qatar's warning to retaliate .

Court rules Lisa Cook can remain a Fed governor-Judge wrote the public interest in Federal Reserve's independence weighs in favor of Cook's reinstatement- resilience of Institutional independence reassuring.

Bench mark revisions make the case of slowdown in job growth, but things aren't falling apart yet. It's more of an equilibrium rather than a grim picture. Reasons could be AI adoption (firms comfortable with fewer employees) & Immigration tailwind (undocumented migrants work more than one job -double or triple counted earlier).

Small business sentiment rose to 100.8, third consecutive month above historical average of 98- its significant - often under appreciated as small business contributes about 43.5% of US GDP.

FT article says Trump tells EU to slam China & India with 100% tariffs - US is prepared to 'mirror' any tariff EU imposes.

Trepidation ahead of PPI today as July PPI soared 0.9%, led by services- markets to watch today's \$ 39 bio of 10yr auction.

French fiscal worries passed off as usual- but the concern is that even the Greek debt crisis was a slow car crash that went on quite a bit before it blew up. Developing Poland story to keep the USD selling at bay.

Weak domestic demand & oversupply see CPI falling 0.4 %- PPI fell by 2.9 % marking 35th consecutive month of contraction. But fall narrowed from 3.6% - “anti-involution” campaign may be starting to take hold ?

UK 6 year gilt auction for £4b today should sail through but there are concerns as each gilt auction is a risk event especially around third anniversary of Truss moment -RIC says consumer spending up 3.1% y/y. As expected 1.3588 held the upside .

Aug Reuters Tankan manufacturers' index rose to +13 from +9 , underpinned by solid domestic consumption. Reports hawkish BoJ in Q4 taken in stride- 146.50 148.50 till new LDP leader gets elected on Oct 4.

Round trip in 87.95 - 88.35 continues with 88.15 mid point becoming the median. Precision suggests another instance of usual strangulation.

