

Market Update 1 Oct 2024

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Seasonal trends at the start of new month have some importance in gauging the directionality - October has a reputation for being one of the most volatile months - major market downturns happened in Oct - 554-point Dow drop in 1997 & 1,874-point fall in 2008 - October also has nickname "bear killer" for turning the tide in 13 post-WWII bear markets. So buying Vol is the best trade -

New age Fed - Fed Chair spoke with a sponsor list behind him in the podium - probably for the first time - not good optics - who cares for these niceties. Powell said Fed will lower rates "over time," while continuing to highlight the economy remains on solid footing.

The key question is whether labor market is strong or weak - its certainly foggy right now because of migrants- migrants in 2022 and 2023 enlarged the supply of workers - enabled rapid job growth despite an already tight market. A clampdown this year has reversed the trend - slowdown in job growth less an alarming sign.

Michelle Bowman today says : "I suspect the recent immigration flows have and will continue to affect labor markets in ways that we do not yet fully understand and cannot yet accurately measure"

Potential port shutdown - US dock worker union rejects latest pay offer. USD index to stay well supported if not any thing else but on this piece of news. Besides this, possibly string of upbeat data this week may price out some Fed cuts.

EUR/USD : Heightened divide between hawkish and dovish sections of ECB - Lagarde drops a hint and chooses to take a side - 1.1084 low last week, then the 1.1068 Sep 19th base should give way -

USD/CNY : Chinese markets will be open Monday as CCP celebrates 75 years in power. The talk of the town - stimulus to prove inadequate considering the pain - however markets too euphoric - this holiday break to decide which way the sentiment swings .

GBP/USD: End of an Era - Gloom in Port Talbot - the last blast furnace closes - BRC data shows Shop price deflation at 0.6% in Sept (0.3% in Aug). House prices up 3.2% in Sept. BoE Monetary Policy Report Hearings early Thurs - Still grappling with 1.3400 - should break 1.3315 sooner or later .

USD/JPY : Yen weakness had been apparent 70% of the time in the last twenty years - this October could go that way as well - Mfg PMI remained in contraction for third consecutive month.

Interestingly Suzuki says forex levels should be determined by markets - BOJ Tankan shows sentiment tad better - now after sustaining above 144.00, gates open for 147.00 plus .