

Negotiations have stalled as both sides were not willing to make essential concessions - however Qatari mediators continue to work for a compromise. Meanwhile, Axios reports that Rubio had ordered Iran's UN delegation to leave New York.

Markets expect Hormuz disruptions to persist and the oil prices to stay firm throughout Q4. Major factor is that the China's recovering crude demand in a backdrop of scant Iranian supplies - intense competition for replacement barrels driving up refiners' costs

If bond market history is any guide, October could prove even worse following what could have been the worst quarterly performance in a generation. The move in the 10 year and 30 year Treasury market is much bigger than a simple reaction to oil or Iran or one data release.

Kashkari said the longer the economy stays strong, the more he is questioning the tightness of monetary policy. Longer-term yields rose more than the two-year yield, steepening the curve.

Higher yields alone are not expected to spark a crisis as Repo funding is still functioning normally - hence no evidence of a systemwide funding seizure. Unlike the UK's Lizz Truss moment, this stress lacks the structural contagion engine.

Something largely anticipated - Core PCE price index rose 3%, lower than 3.30% forecast. Recent BEA methodology changes systematically reduce core PCE by about 0.20%, warranting caution. Aug Nominal spending rose 0.9% m/m in keeping with strong retail sales report.

German headline inflation has surged to highest level since Dec 2023. For now, Europe's renewed inflation problem remains primarily an energy problem. The crucial question is whether it stays that way. Europe's AI weakness to the fore again - As the Dutch footballer Johan Cruyff put it: Europe does not need to win the technology race; it merely has to avoid losing it. That may be easier than many think. 1.1325 is key which may not break before payrolls.

With the onshore yuan market shut, offshore yuan would see price discovery with less depth - mainland commodity and financial futures are closed, so no Chinese price signals for a week.

Burnham bounce - UK household income grew at a stronger pace. Cable upmove faded as the bids stalled around the 200-hour MA. GBP strength potentially better expressed against EUR. GBPUSD Supports unchanged at 1.3200, which protects the key 1.3140-1.3163 zone.

BOJ opinions show some members want faster hikes - however, Cabinet Office's call for

caution Tankan hit eight-year high - large manufacturers at +24, highest since March 2018. Sep mfg PMI slipped to 54.1. Soft Japan PMI keeps BOJ hike bets on ice, though selling prices rose at one of the quickest [rates.As](#) if the slump yesterday to 156.38 never occurred, USD/JPY back up (as expected after fix) . 200 dma at 158.49 obj.

RBI forward reserves (onshore + offshore) as on Aug end stands at USD -200.06 bn. It was USD -136.77 bn as on July end.