

There has been no tangible diplomatic progress. Iran says it is waiting on “definitive” response to its latest proposal on reopening Hormuz, despite Trump publicly rejecting the offer. So stalemate continues without any respite .

On bonds , as the markets have now started asking whether 6% is attainable, the debate obviously shifts beyond a temporary spike. Surprisingly, the equity markets are yet to show reflexive stress , possibly due to the historic tendency to panic only when the 10-year yield has traded at an average of 4.72% for 12 months. That tipping point remains some way off for now as 12-month average is currently around 4.34%.

The immediate worry is due to national average diesel price which rose to record \$ 6.52 - reports that US might prepare to ban exports of diesel for 90 days. For Europe, the ban could be damaging as US diesel exports have made up a third of its imports this year. So US export ban would add fuel to the diesel crisis.

JOLTS report tomorrow should confirm the continued low hire, low fire backdrop. This week , September Payrolls & August PCE to reinforce Fed’s hawkish bias. August PCE print will include annual revisions and changes to how several components are calculated. That could muddy the signal from the data.

For all those who were talking of De-dollarisation not too long ago, data shows mirror - In twelve months to July, foreign investors accumulated \$1754bn of long-term US securities , more than twice -\$743bn US trade deficit - arithmetically points to solid underlying demand for USD.

Besides Diesel, Europe is increasingly outbidding Asia for scarce LNG to rebuild depleted storage, pushing gas prices also sharply higher. With core inflation still at 2.4% in both Feb and Aug, sure signs of second-round effects . The swaps curve implies nearly 100bps of tightening to 3.50% in the next twelve months. Eurozone M3 grew by 3.5%. 1.1325 break looming

Weak demand and price wars - China's industrial profits rose 4.2% y/y in August - weakest pace this year. Disinflation starts to bite again - instead of stimulus , the authorities might seek a weaker currency and any way USD/CNY is being dragged higher by firmer USD/JPY.

The ability of GBPUSD to hold itself may be explained by the fact that the value of M&A of UK stock market listed companies has surged 175% in 2026 to \$132.9bn , as overseas buyers snap up British companies at record pace. BoE Nov hike odds rise to 75% on hawkish BoE. Break below 1.3163 to hasten decline to 1.3000

Takaichi is looking to dispel any doubts about the strength of Japan - US alliance amidst China

harnessing the symbolism of the U.S.-China summit to further bolster its narrative against Japan. Friday close below 158.62 (76.4% of 160.39-152.89 Sept drop) makes one cautious now.

The forward premiums are being sent skyward making import hedges so expensive - 96.00 is challenged in this week -especially into the quarterly close - next level of supplies at 96.30 ?