Third week of September keeps up with its negative seasonality as one of the worst weeks of the year.

Fear is certainly in the air as seen in **S&P which went down below 100-dma for the first time since Oct.** VIX is 27.69, which is the highest since May. However **Bond markets -which normally show the gravity of any crisis - are placid. The move there** certainly fits with an overall risk-averse mood but not flashing warning signal in the way it was in late June when delta was kicking off.

The message is clear : Evergrande may not pose systemic risk but it is the indication of China shifting to a new paradigm; one where growth isn't its north star and hence slower global growth.

Everyone is watching whether Evergrande

can dodge the bullet - keeping an eye for deadline of $83.5 million interest payment on one of its bonds due Thursday. PBoC not to be unduly perturbed (Evergrande is our company but its your crisis not mine) whereas Fed might be concerned

NAHB Sept US housing market index 76 vs 75 expected. Normally, sentiment in this survey is about the ability to *sell* homes; right now it's about ability to *build* homes and that's an important difference. Dollar index at 93.20 - to stay firm.Debt ceiling impasse getting uglier as well.

Slowing China impacts Europe after three month lag - ECB's Schnabel: Premature policy tightening a bigger mistake than waiting.Below 1.1755, EUR USD stays on course for 1.1604.

Expect Slow grinding climb till 6.5500.

Bigger picture points to 7 handle as 25 % economy comes to a standstill.

Johnson says Britain's relationship with France is "indestructible" .Appointment of Huw Pill as the new Chief Economist and hence diminishing expectations that MPC could project confident tone.**Post BOE, downmove to gain pace for 1.3571 break.**

More than Evergrande, the debt ceiling impasse is the key for USDJPY . 109.30 to hold well for another try at 110.20.

USDINR resisted strongly at 73.85 zone - obviously break there to propel the pair higher. More than China and Fed, its oil that is the concern here . API and EIA Inventory data this week more relevant for oil. For now ensconced in 73.55 73.85.