

Early signs of Turnaround Tuesday failed to materialise by the close. Market is now waiting for Fed and for the next shoe to drop in China. There has been more noise than signal - however the undercurrent of negativity certainly hasn't gone away.

Negative tilt in US equity markets - it is not Evergrande alone - Rallies that show signs of exhaustion are to be sold into, as the trend is most certainly starting to turn lower with probable 4100 coming up

Sharp decline in Sept Philly Fed non- mfg
Housing Starts up 3.9% in Aug - Building Permits rose 0.6% ,highest since Apr. The shocker has been the rebound of rentals - US rents rose more than 10% y/y in Aug .
"Transitory" pundits stay in their own home ?

USD Index circles around 93.20. Fed is

likely to be a non event and continue to kick the can down the road. Debt ceiling is the most serious concern lurking .

Energy in the winter is set to stay more expensive and scarce .Russia decides to cap additional flows to Europe - flow in Yamal-Europe pipeline will remain limited. Inflation set to rock. Downside risks to growth on China as well. Below 1.1755 , expect 1.1604

PBoC interest rate decision: Unchanged as expected. On Evergrande saga there are no immediate measures - Our company and your crisis mindset ? -concern is about payments to foreign bond holders- wipe out ? USDCNH 6.4750 to hold for 6.5500 .

Rapidly rising energy costs in UK - BOE tomorrow to be less hawkish . GBPUSD seesaws at monthly low. Teases two-month triangle support below 1.3700.

Expect 1.3571 break post BOE tomorrow .

BoJ leaves policy unchanged. As against the emerging paradigm Yen reverts back to being a safe-haven - untenable given its own constraints. Unlikely to break 109.30.

USDINR reluctantly moves higher - " we remain insulated ,we pick only global positives & ignore all negatives " mindset written all over. Reality different - Lower global growth coupled with higher oil driven global inflation looks certain in the near future. 73.65 73.85 for now and a break above 73.85 to see 74.30 .