

Trends are where the most money is made and lost. At the onset of any strong trend, markets tend not to accept but try to pick some tops and cheer shallow pull backs and finally concede. There is emerging consensus that this **Dollar up trend is fast, furiously directional and would go farther.**

September swoon is in play as a resilient US economy paves way for further Fed aggression .Services ISM index improved to 56.9, a nice beat. Inflation is not going to dissipate & quantitative tightening is coming pretty rapidly. US 10 year yield has risen from a four-month low of 2.516% on Aug. 2, but holding below 11-year high of 3.498% ( June 14).The inversion is less severe, however, than the minus 56 bp level reached on Aug. 10.

Powell is scheduled to speak tomorrow (after ECB meeting)- its easy to see what he would say - USD index : Close above 110.00 positive - blue sky until 112.04 June 2002 high.

Fading the OPEC+ production cut bounce wasn't that hard to do given a list of global economic challenges.

Europe is facing a potential "Lehman Brothers" event as energy companies face \$1.5 trillion in margin call. MNI report suggests 50bp hike by ECB- the pricing continues to fluctuate as the meeting gets closer .PMIs are indicating contraction in manufacturing and business activity, retail sales are down and investor confidence remains mired deep in negative territory. German factory orders -13.6% y/y follows a decline of 9.0% in June - alarm bells

..Without the restraint of bearish bets EUR/USD may reach 0.9485 before the ECB meets again on Oct. 27.

Chinese imports awful. Exports not too hot either. 11th day of much lower than expected fix has scant effect. USD/CNH retraces after test of pivotal resistance at 6.9865 which marks 76.4% of 2020-2022 USD drop; break opens 7.4000.

GBP USD swung from early gains on hope Truss would usher in major fiscal support to blunt the trauma of stratospheric energy prices. The sharpest sell-off in Gilts since March 2020 . 1.1411 break to see 1.1000

BOJ not showing any sign at all of backing away. Official jaw-boning could now be an everyday occurrence. Yesterday's surge in USD/JPY bit unexpected Continuing up

towards 147.64 Aug 98 high.

USD/INR's July high vulnerable and break imminent notwithstanding the resolute defence. Rupee's gains on crosses overextended - getting almost obnoxious - 79.90