

At the end of September, there is a trivial talk about what could be the major risk in October. Top pick of all that discussed is the Outside chance of SNB getting margin call & selling \$100b of FAANGMAT in a day?

Daly said deep recession was not needed nor warranted. That qualifier, 'deep', is a bit of a worry. Fed thinking looks like they are seeing a recession as locked in. Copper was 1.8% higher and stocks 2% lower and that was just tip of the iceberg when it comes to divergences.

Falling U.S. jobless claims and upwardly revised Q2 PCE reinforced Fed tightening and should limit dollar downside. After a 10% surge in Q3 to Tuesday's 20-year high of 114.78, the dollar is pausing for breadth

BoE action did provide a brief reprieve  
-Jump in German inflation fuelled hawkish  
ECB expectations. **EUR energy crisis -**  
**"Deindustrialisation of Europe"** - longer-  
term down trend in EURUSD remains -  
recently established shorts are squeezed .  
However **Close above 0.9849, 38.2% Aug-**  
**Sept fall would be bullish** for next week- to  
stay between 0.9683-0.9848

Caixin mfg PMI contracts .Contradicts  
official factory PMI that expands. Prospect  
of PBOC intervention -Seeking to  
strengthen yuan now appears odd as  
trade-weighted index has remained  
resilient as other currencies have been  
mauled by dollar. Ahead of Oct 16, these  
headlines could flow without any action.  
7.1350 Close to be bullish next week.

Cable held huge bid on hopes that Truss

might compromise on policy even as expectations for ultra-aggressive BOE hike in November cooled. Truss, Kwarteng's meeting with budget forecasters today key. Wild swings - prefer to stay aside - Close below 1.1072 10 dma to confirm downside

Strong retail sales, factory output and Resilient jobs - data had little FX impact, as usual. Markets have been exiting USD/JPY all week but the pair stays buoyant. Tsy-JGB ylds spreads underpin uptrend - Close above 145 needed to resume the uptrend and test MOF's mettle by 146.

Surprise \$19 bio in black box - banking capital in BoP - presumably nostro surplus of local banks - small portion on account of stalled Russian payments? - counting that as capital inflow is technically right but not necessarily reflective of state of

external accounts . 50 bp hike is factored  
today but 75 bp is possible . 81.55 81.85.