

Markets are trading on sentiment and worries - the uncertainty as to what Fed is going to do in a couple of weeks.

It's all about US yields - they continue to stand to gain until momentum in core inflation moderates and Fed pivots to a less hawkish stance, and neither are likely in the short term.

Another round of hawkish comments from Fed speak. Housing starts declined 8.1% - seasonally-adjusted annual rate of 1.439 million units. Beige Book showed easing inflationary pressure but increasing pessimism. USD index : Breakout from the choppy 110.05-113.92 Oct range would extend.

Melony's comments helpful to Euro - She

said New Italy government will be pro-NATO, pro-Europe - "Italy with us in govt will never be the weak link in West,"  
0.9757-0.9802 range to hold.

USD/CNY rises second day in sign of China loosening leash. Communist Party congress concludes this weekend. Until then, 14-yr peak 7.2521 can get defended .

Outlook remains murky - ballooning borrowing costs & soaring consumer prices & a govt in chaos - credibility shot to bits - DBRS Morningstar put UK rating on review. UK gilt market starting to settle, as 30yr slips back below 4%. To stay between 10 dma at 1.1182 and this week's 1.1440 high

Fresh threats of intervention from Suzuki fail to impress. Closely watching FX with

'sense of urgency' as USD/JPY to 149.91 in NY. If it clears 150 - next hurdle is 38.2% Fibon of 1982-2011 collapse at 152.75, followed well above by 1990's 160.35 peak.

The relentless defence at 82.40 gave up - the reality asserted. Just to remind, the much defended 80.00 broke just a month back - ferocity of the move is in keeping with historical tendency - not surprising given the extent of complacency - denial syndrome set to stay - Blame it on rest of the world rather than taking any remedial measures - technically USD/INR completes bull flag continuation pattern - 85.00 level is now in focus. New landing zone 82.80  
83.30



