

Bear markets are often littered with face-ripping rallies- so the fact that we saw one should surprise no one. Markets must now consider how much CPI means for Fed policy while awaiting PPI.

The comments from Brainard stoked some USD selling as she didn't choose to push back. Terminal rate sits at 4.93% now, in part due to Waller's comments. CME FedWatch prices a 50pt hike on Dec 14th at 80.6%, steady. USD index to stay supported at 106.60 .

Much stronger than expected Sept EZ industrial output supported.(though front-loading of production in case of energy shortages into winter may have accounted for the 0.9% monthly rise).Europe natural gas supply appears less precarious heading into winter and that is the key

supportive factor for EURUSD . Weather can be more nimble. NY 1.0272-1.0359 range set to prevail

China Oct data including retail sales disappoints. Weak economic numbers may persist amid recent lockdowns. PBOC fix 7.0421 lowest since Sept. Yet the yuan index at lowest since June 2021. USD/CNY fades to 7.0520 from brief spike to 7.0699; Waiting for an opportunity to bounce .

Markets expect fiscal orthodoxy from Jeremy Hunt, which, while painful in the short-term, will send a message that UK is serious about its recovery. Sept jobless rate f/c at 3.5%, unchanged from 48-year low. Inflation due tomorrow and budget plan day after. Levels to watch: Friday's 1.1855 high & 100 dma at 1.1673

Much weaker-than-expected Q3 GDP.
Demand strong into today's Gotobi Tokyo fix. Matter of interest : Yesterday's 140.79 high is by pandemic uptrend-defining 100 dma at 140.83, which prices finally closed below on Friday for first time since Feb 2021. Break ensures that uptrend has commenced from 140.20 for 143.00

Oct CPI eased to 6.77% y/y mostly due to low base last year. Food and core inflation still elevated. Does inflation matter here ? Realized vols, measured in term of last 10 days closing prices, reaches 9% - highest since March- Supports uptrend. Trade deficit & Erosion of carry dominant factors more than Fed & overseas dollar. Cash dollar another emerging concern .81.10 81.40.

