

Planes land. Economies don't. Every hard landing first looks like a safe landing.

FOMC stated that in different words and as usual, markets would stay dismissive .

Markets were expecting Fed's dot plot to show one 25 bp hike in 2023 - shocked to see the 2024 projection indicating a fall to 5.10% in 2024 - up from 4.6% in the June Dotplot.

**Message is clear : Brace yourself for higher rates** in the months if not years ahead — and don't hold your breath for rate cuts. This realisation was enough to push two-year yields -good proxy for markets' view of near-term rates outlook- to 5.17%, highest since 2006.

Now some "vague" pointers on Growth and inflation :

1. State-level jobs data release yesterday shows that U.S. job market remains solid. However, according to a rule of thumb known as the Sahm Rule, (when three-month national average of jobless rate is more than 0.5 percentage points higher than the lowest unemployment rate over the last year, it's an almost fool proof sign that a recession is underway), few large states have already fallen into recession - something breaking at last - early warning of nationwide recession ?

2. Markets nowadays attach importance to Canada CPI as it has been the leading indicator of Global inflation in the recent past - current re acceleration to 4 % means one more jump in inflation across DM ?

Elevated US Treasury yields helping the

Dollar to rise. EURUSD broke through 1.0635 and next pit stop at 1 0517 - thin support at 38.2 of the 0.9528/1.1276 move at 1.0607.

There is just a huge difference between trying to defend a currency when you have a massive trade surplus and trying to defend a currency when you don't have that comfort - 7.3500 continues .

**In a weird note, OECD warns that Britain's economy almost as weak as Argentina, -unexpectedly soft UK CPI- Media abuzz with stories of a BOE pause tomorrow - but hawkish Fed seals BoE 25bp hike -one more in 2023- with no rate cuts predicted before 2025. Obj Mar 23 lows by 1.1780.**

**Matsuno: Won't rule out any options for response to FX moves- dip buyers expect**

him to act soon but he won't oblige though -  
BOJ tomorrow -no doubt they would stay  
dovish - now that 148.00 is scaled, next  
is 161.8% Fibon target off July's base is at  
149.55 on EBS

Big boy played at night -pushed offshore  
below 83.00 - and ensured a benign open  
post Fed -wry humour is that this operation  
won't stop till they see \$ 30 bio in monthly  
merchandise trade deficit .