

Markets are still digesting FOMC message
Rates market is finally believing the Fed's message of higher for longer. The 10-year yield traded near 3.72% July 19 and has risen to 4.43% currently, while the 30-year yield traded near 3.83% July 19 and has risen to 4.52% currently.

Equity markets too - S&P 500 peaked July 27 and fallen 6% since & NASDAQ peaked July 19 and fallen 9% since. DXY bottomed July 14 and risen 6% since. Indeed, DXY gained every week since that bottom for a streak of ten straight.

Fed speakers would certainly push 'higher for longer narrative' this week. Kashkari today - Bowman tomorrow - Goolsbee, Cook, Powell, and Barkin speak Thursday - Williams speaks Friday.

The less followed and more "relevant" Chicago Fed National Activity Index today. Headline expected at 0.05 vs. 0.12 in July. If so, it would be second straight positive month - positive headline means economy growing above trend- resilience confirmation . More important will be Aug PCE on Friday while Regional Fed surveys will continue rolling out .

The auto strike has widened- strike is only one week old and so it's still too early to attempt an accurate tally of the economic costs. Suffice to say that longer it goes on, higher the costs of lost output and wages.

Despite few hawkish holdouts, discussion at the ECB has clearly shifted from how high to how long. Besides the number of ECB speakers this week , Sept EZ CPI will be the data highlight. German housing

market in the focus as Prices fell by the most in Q2 since records began.Meeting today with building industry & Chancellor Olaf Scholz.38.2% of Nov 22 low (0.9528)/ Jul 23 high (1.1276) is at 1.0608- break targets CY 23 low at 1.0516

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Pain in China is spilling over to broader risk -**Evergrande's debt restructuring goes off the rails.**PBOC continues to lean against USD/CNY strength.

UK has a quiet week. CBI Sept distributive trades survey today with retailing reported sales expected at -35 vs.-44 in Aug. Final Q2 GDP data, Q2 current account, and Aug consumer credit on Friday. If 1.2231 gives way , 1.1830 is what we can expect next.

No Japanese data today - Ueda to hold presser in Osaka today .Positive setup - 21

dma @ 147.24 a base on the close of this move higher. To test 151.94 trend high. Due to slow, low volatility grind higher since Sept. 6, the upmove well supported.

So all the future flows already discounted in the price - bond markets seem to be more matured as they reverted much earlier than Fx - as expected 82.85 - 83.15 prevails . As markets are currently used to this elevation ,defence should be muted.