Markets stay on edge amid the tensions in the Middle East- not withstanding rising risk aversion, we are starting to see the Friday moves abate a little for now.

Price action in oil suggests that the market remains nervous about so many moving pieces . Besides Middle east, US sanctions on two companies who apparently shipped Russian oil above US$60/bbl G-7cap & the surprisingly strong Oil import numbers in Chinese trade data are the major drivers .

Markets belatedly realise that a economic Slowdown in China does not result in destruction of Demand. Chinese crude oil imports averaged around 11.17MMbbls/d over the month, down 11% m/m but still up 14% y/y - cumulative imports over 2023 at 11.39MMbbls/d, up 14.5% y/y - China seen putting more SPR.

Regional Fed surveys would start rolling out.Sept retail sales tomorrow - Weak number if you go by Credit card data-
Busy week for Fed speakers - Bowman and Waller in focus.Beige Book on Wed -expect most districts to say persistent price pressures & resilient labour.

Sharp rally across gas & power markets ahead of winter heating season-damage to Balticconnector gas pipeline & suspected Russian hand. German ZEW would give hints on investor sentiment - final Sept HICP will give insight into inflation drivers. Lagarde : underlying inflation still strong & wage growth is “historically high”.EURUSD negative - move targets 1.0448 October and 2023 low

Quietly , China rolling out exchange rate stimulus instead of much awaited Fiscal stimulus. However market remains fixated on what the next China fiscal policy measure might be.

UK CFOs lose their appetite for debt after rates climb.**Rightmove House Price Index -0.8% y/y (prior -0.4%).** Gas price is nearly 139p a therm, this is up from 85p a therm last week.(In December gas price peaked at more than 375p per therm).Labour data & CPI for Sept this week.Chief Economist Pill today.1.2038, October trend low is the initial key support.

USD JPY struggles to capitalize post-US CPI gains & kicks off on a subdued note. Generally , Oil at 90 plus implies USDJPY should relatively be higher at 152.00 . JPY no more a safe haven - Sept national CPI Friday. For now circling 149.50 -

High oil prices,surging dollar & geopolitical risk as well as collapsing carry (cash dollar shortage rumours as well)- holding 83.29 seems stretched to limits -Tighter the hold, greater the risk of sharp upmove (we saw it multiple times)