

On a closer scrutiny., US or for that matter most of the countries currently are driven by universal rise in consumption financed by soaring credit card debt & personal loans & economic growth funded by enormous govt spending & record public debt -so somewhere along the way, this bubble could burst - till then cost of the money to stay higher.

Besides the FOMC decision , Powell Q&A , PMI readings & payroll in this week, its the less tracked Treasury's Qly refunding announcement which should have enormous significance .

Just recall , On July 31, Treasury boosted its net borrowing estimate for Q3 to \$1 trln vs. \$733 bln forecast in May & estimated its Q4 net borrowing at \$852 bln - followed

up with larger auction sizes of \$103 bln in quarterly refunding announcement. Not coincidentally, that was when US yields at the long end broke higher. Hence there is obvious upside risk to US yields this week.

ECB can still take heart on falling price pressures - at least on paper - in order to stick with their pause narrative. Without a catalyst from ECB or significant upswing in EZ economic performance, Euro remains shaky. Set to stay contained between 1.0535 European low & 1.0597 NY high. Month end EUR selling widely expected but rumours of an Asian Central bank bid for EUR at 1.0550 .

The modest stimulus measures taken so far will have had little impact - composite PMI tomorrow would be little changed from 52.0 in Sep. 7.30 defence is not

giving up still - no hopes either .

Data has broadly been to soft side since Sept - BoE meeting Thursday - **MPC to stick to its previous guidance "higher for longer" approach**- vote split to be 6-3 with Greene, Haskel & Mann opting additional hike of 25bp. Risks skewed to attempts to the 1.2000 key support.

USD/JPY underlying uptrend remains very much intact. Higher Oct Tokyo CPI last week and hence some are expecting 10-year yield cap to be raised to 1.5%- but BOJ to stay unchanged - Nikkei compares the yen to a volcano - so its set to erupt tomorrow - buying a one week USD call is the prudent strategy .

USDINR and 83.25 - expecting them to give up the defence everyday and getting mud

on the face - resigned to thinking that it could stay set at the same level for rest of CY 23 .