

As scary as Halloween can be, there is a lot going on around the world that may be scarier. The sharp rise in 10-year Treasury yields is the one that catches the attention. Its now triple the S&P 500 yield. History shows us that such a wide gap between the two does not last forever- convergence is normally fraught with risk of recession.

Can an economy pivot that fast from robust growth to a recession? History says , in the last 12 recessions in US , in the quarter before the recession begins, GDP growth averaged 2.6%. The quarter the recession began, growth was down 3.5%.

Even after 18 months of Fed tightening and abundant recession chatter, the ability of workers to achieve pay gains has hardly diminished. Employment Cost Index, the gold standard measure of what employers

spend on compensation, rose 1.1% in Q3.

It's creating sustained inflation risks while bolstering household finances .Between higher compensation & lower inflation, there is a real gain in their purchasing power - doubts as to whether inflation can continue its downtrend given persistently high wage growth.More enlightening to observe consumers' actions rather than heeding their words and hence surveys are meaningless .

Inflation in EZ fell to its lowest in more than two years contrasted with hotter than expected US wage inflation.EUR/USD continued to whip between 1.05/1.07. Key 55 dma briefly gave way , but still provided strong resistance- comes at 1.0663 today- beneath that , the strong down trend to resume.

The Newly established Central Finance Commission (CFC) has replaced PBoC as China's most powerful financial decision maker - PBOC & other regulators mere enforcement apparatus -Recentralization of power is China's attempt to rebalance economy. So 7.30 defence set to stay on in this new experiment.

Worsening economic data has been clear and will likely be clearly acknowledged by Bailey. Choppy consolidation in October 1.2038-1.2337 broad range set to extend and rally sellers lurk at 1.2170-1.2200.

Disappointment with yesterday's YCC tweak roils the JPY. (MOF data shows no intervention in FX on 3 Oct 2023). Ueda adopted a notably dovish stance. **Close above 151.94** key to another leg higher for

161.8% Fibon off Jan-Mar 127.215-137.90
base at 155.19.

Weird observation: Trading band moved
north of 83.25 in the last few sessions
knocking the door at 83.28 - acceptance
that an imminent move past 83.29 could
happen.