

For the third time in the past four policy meetings, FOMC decided to keep rates on hold - hawkish tone retained to ensure financial conditions remain tight. Powell continued to straddle a rhetorical fence, pointing to "significant progress" in subduing price pressures but also noting that Fed believes inflation is still too high.

Consequently, the stance of monetary policy, as measured by the real fed funds rate, likely will become more restrictive while FOMC keeps nominal rate on hold - "passive" tightening of monetary policy

Fed suggesting that higher yields are doing some of their work for them, and the lower supply issuance pressure at the longer end are the main causes of the drop in yields. Nevertheless, Fed is still leaning towards higher, not lower rates, so the bond swing

may not be the end of the story just yet.

EZ activity data disappointments continue to mount - either it stares at stagflation or stagnation. Hence Currency buoyancy not tenable. Ranged 1.0520 1.0620

PBoC is likely to target stability rather than a weaker CNY. While this strategy has been working for now, the only thing that will remove pressure on CNY is a broad-based USD turn.

Construction sector shrinks at the fastest pace since the pandemic. Broader market expectation aligns with a policy standstill. Concerns about stagflation, combined with a complex growth and inflation balance, persist. Any indication that BoE sees a need for further tightening to be adverse for GBP. 1.2037- 1.2337 broad

range - sell those rallies .

Kishida: economic stimulus package to total about ¥17 trillion. The planned size is smaller than in the pandemic era, but still higher - impact limited on economy- but the currency will bear the cross . Although Japan officials are already jawboning, such reckless fiscal policy should result in still weaker yen . Still USDJPY for 155 plus.

It did threaten to get out of the door at 83.29 yesterday posting an un-noticed historic high of 83.2950. Usual grind .