Besides the pause in FOMC, the sentiment-dampening impact of the Israel-Hamas war, and some more helpful issuance guidance for the longer end of the yield curve, Friday's payrolls found a Treasury market that was more than usually responsive to a little bit of softish macro data

Recall that at end of July, U.S. yields broke into a higher trading range after Treasury surprised markets with higher estimates of net borrowing Q3. The 10-year yield rose from 3.84% July 27 to peak near 5.02% October 23.

50% retracement level of move near 4.43% while the 61.8 % level comes at 4.29% - coincides with USD index (100.551 July 27 to high near 107.348 Oct 3)- 38.2% level is at 104.752 while 50% & 61.8%

levels at 103.950 & 103.147, respectively. Until these key technical levels are broken, moves lower in USD index are corrective.

Technical dynamics always assume a secondary role to fundamentals - hence broader landscape has not changed- hard to see Dollar giving back its gains .

A weird observation : Australia & Canada are two central banks worth watching - as has been sofar in this cycle, what they do today, rest of the world does later. (RBA to hike rates 25 bp to 4.35%.tomorrow.)

Euro area economy is more than weak. It is in deep contraction - even now, ECB's monetary policy remains accommodating. In fact, the misguided anti-fragmentation programme continues to support the debt of fiscally irresponsible countries.ECB to choose between stagnation & stagflation because governments are forcing it.ECB’s balance sheet is more than 50% of GDP of the euro area, compared to the Fed's 30%. Hence this uptick in EUR not sustainable. Resistance at 38.2 of 1.1276/1.0448 move at 1.0764.Support at 55 dma at 1.0653 &10 dma at 1.0612.

Oct trade data tomorrow. Exports expected -2.9% y/y , while imports at -4.5% y/y . CPI & PPI on Thursday. CPI expected at -0.2% & PPI at -2.8%. Economy seen continuing to struggle with deflation well into next year, as modest stimulus measures taken so far are already starting to wear off.

BoE says eonomy will flatline Until 2025 - Cost of housing throttling dynamism and risk taking - a hammer blow to Sunak, who made growing the economy one of his five promises in Jan .Bailey said price stability would be the BoE's mandate, rather than preventing a recession.**Close below** 1.2337 Oct high would flag caution to bulls.

BoJ releases the summary of its opinions from its Oct 30-31 meeting Thursday. By referring to the 1% ceiling for 10-year JGB yields as a reference point rather than a rigid target - YCC is for all intents and purposes gone ? Too late to join - 149.16 to hold well for retest of 150.70 .

Economic weakness -when disguised by the growing public debt and massive Govt spending - calls for support to exchange rate (in case you are not a reserve currency) or monetary accommodation even at the cost of higher inflation.. When easier monetary stance is ruled out., the exchange rate defence is the plausible strategy . At a micro level, Cash dollar availability is the symptom .