

High public deficits mean lower growth, lower real wages, and more debt in the future. All of it leads to higher taxes and persistent inflation. So its highly optimistic to think that the Central banks have won this Inflation battle.

An 8% inflation print may be transitory, but an equilibrium level around 5 % may not be. Any sense that a new inflationary episode is building could be very disruptive , as this would suggest that the recent tightening cycle hasn't moved far enough.

Outside of the banality of market data and inflation dynamics, geopolitics continues to remain tragically messy- however markets show inexplicable levels of tolerance for this uncertain regime.

Not much of macro data except the Senior loan officer survey of lending conditions which showed incremental tightening of conditions & reduction in loan demand, albeit not at the same pace as in 2Q23.

Slew of Fed speak this week - began with Kashkari who said he is not convinced rate hikes are over- (recall how he never expected a single hike till the end of 2023, back in 2021) - today Goolsbee, Barr, Waller and Schmid.

Saudi Arabia & Russia agreed to continue voluntary output cuts until the end of the year - risk of recession more relevant for prices than the production cuts .

Sentix Investor Confidence Index rose to -18.6 in Nov from -21.9 in Oct- expectation values should turn positive to sustain this

uptrend in EURUSD -market pricing earlier ECB cut now, limited scope - stalled ahead of 38.2% July/Oct decline at 1.0764. Sell this rally for 1.0612

Oct exports -6.4% y/y (exp-3.3%) & imports +3% y/y (exp -4.8%). Big beat for imports is positive- however exports disappointing does take the gloss off.

Soft UK construction PMI -in a world where growth expectations are the biggest driver of exchange rate, GBPUSD can't sustain this gain .**Close below** under pressure 1.2337 Oct high to undermine.

Labour cash earnings reaccelerated to 1.2% y/y the first increase in four months. **USDJPY away from a near eight-week low - acts as a tailwind for the major.** 150.00 level was cryptonite for a while -fears of

intervention toned down. 151.75 looming.

Yesterday's price action reiterates the fact that when market forces are bottled up for long , even the best of supportive factors won't be of help. Appears its time ...