

Its common knowledge that Fed's monetary policy stance depends on where the longer-term interest rates are, and less on short-term rates - any market expectation that would push longer-term rates lower, as it happened after the Oct/Nov meeting or during the banking crisis in Mar 2023 is going to put more pressure on Fed - it will heighten risk of Fed pushing rates higher.

Fed has to deal with difficult environment as it continues to try to convince markets that it needs to stay "higher for longer." Simple inference is Lower the long end goes, higher the chances of Fed being forced to hike .

By Design or accident, all Fed speakers avoided talking about rates outlook. Market

will however be all ears today when Powell speaks in panel discussion "Monetary challenges in a global economy".

Anxiety about the Treasury supply lifting yields dimmed further after 3-year and 10-year auction were taken down without any major hiccups. It can't be the case for ever as supply deluge continues - Wholesale sales for Sept stronger than expected at 2.2% vs 0.8%. That should be a boost to an already strong Q3.

Economy has been sputtering - consumers in a sour mood - EZ retail sales slowed to -2.9% y/y in Sept. EUR/USD is stuck near the 1.0700. EUR/USD supported at 10dma 1.0651 and 55 dma at 1.0645. This zone should break soon .

EU threatens tougher stance on China as

concerns over Beijing's economic policies grow in build-up to summit - Not a good story either for CNY nor for EUR.

Bailey sounded hawkish, reiterating that rates would have to remain "restrictive for an extended period". This is not helping GBP as markets more concerned about recession . However Negative sentiment in UK housing eased a touch in October. Pill to speak today. 1.2242 London low, and then 1.2238 10- dma to be tested .

Sep current account surplus widened to ¥ 2.7 trillion. Ueda's different perspective on Chicken - egg quandrum: "when inflation sustainably hits 2%, wages are likely to be rising at around the same pace or higher." I am not going to touch YCC is the simple information- 152.00 test & break looming.

Acute Cash dollar shortage is the story of the day - this is the market 's way.of forcing a tie breaker - spot has to give way or else market would have to live with negative points in the shorter end - The humour is that Only after India wins the cup, the iron grip could loosen.