

Seasonals have taken over -Macros have taken a back seat - this spell of USD sell off appears to have no legs beyond thanks giving - profit booking ahead of the year end rather than start of new trend ..

Conference Board leading economic index at -0.8% vs -0.7% exp - decline marked 19th consecutive monthly fall. It gets airtime as it confirms pessimistic biases - that can itself be a handy signal that recession talk lacks surprise power.

For context ,Atlanta Fed GDPNow for 4Q is around 2.0% - down from 4.9% in 3Q - but comfortably above recessionary levels.

Why this disconnect ? LEI overemphasizes a minority sliver of US economic activity while all but ignoring the vast majority. Services are doing the heavy lifting this

year, generating more than enough growth to offset mfg weakness.

Coming to the current USD sell off based on expectations Yields could be lot lower from here, it would be prudent to note that Treasury would refinance \$7 trillion in 2024-25 - less liquidity in markets, tougher refinancing of corporate bonds in middle of a maturity wall year. To make matters worse ,Fed is doing a QT in this backdrop - place your bets .. its not growth or inflation, its just supplies that matter

ECB speakers push back against dovish market narrative- Villeroy: We should & can avoid recession- soft landing path is more likely. The 61.8 of the July/Oct fall is at 1.0959 -clear break would be **bullish**. The next resistance is at the 76.4 of July/Oct fall at 1.1080.

Finally the big moves coming in USDCNY after a long quiet period; broke through 7.18 too - although move not supported by macros , markets feel PBoC has won the battle this time .

Bailey: Far to early to be thinking about rate cuts- free-spending UK budget

Wednesday will ofcourse be negative for the sentiment but markets led by the USD selling frenzy - Prelim Nov PMIs Thursday should bring back sanity - 1.2462 NY low- Mon 1.2447 Asian low would hold till then

More USD weakness & JPY strength - Advisory board for MOF warned of impact of higher rates on fiscal trajectory; never expect BOJ to move even an inch - Oct national CPI Friday relevant .Support strong at 148.00-10 and below 147.30

should hold.

Open air above 83.30 -While the negative dollar sentiment dominates rest of the FX markets , USDINR gains traction above 83.30 - iron grip got loosened on the presumption that the weak global dollar would take over the baton - When the natural forces have been blunted for long ,its prudent not to expect them to matter much .