

Judicial and electoral system of US set to hold potential checks on presidential power .No doubt that this process of Checks and Balances has always inspired confidence in the global dollar system.

What may be the biggest battle yet in Trump's trade war is about to begin - US Supreme Court will have to decide as to how far does presidential power go and they will have until June to issue decision, although a ruling is expected by January.

Big electoral test of Trump's second term is taking shape today - the outcome could be an indicator heading into next year's mid term elections.

In the absence of hard data during the govt shutdown,ISM mfg index conveys pulse of the underlying dynamics- it slipped to 48.7 and consistent with contraction for eight straight months.Employment's stuck in contraction at 46 & prices paid high at 58. Persistent uncertainty around tariff policy is constraining activity.

Exploding SOFR made headlines - this is mainly due to Structurally rising TGA & insatiable demand for repo financing - Govt shutdown is causing a build up of funds, which is draining reserves & putting upward pressure on repo rates. (Treasury cash balance now tops \$1tn, and is a factor behind the accelerated slide in bank reserves).Add to that, receding collateral in invoice financing -

ECB has enabled a soft landing.EUR/USD risk reversal dropping back to flat (from a 1% skew for EUR/USD calls in May) is a sign EUR/USD bulls have given up. Below 1.1505, expect capitulation till 1.1395.

Most of the speeches of Chinese policy makers suggest that they are more keen on internationalisation of Yuan rather than addressing the pressing need to shore up domestic consumption.Hence no immediate respite from deflation and involution

The chancellor will give the speech as the markets open today when she will promise to make fair choices at this budget. BoE Thursday- scope for 5-4 cut vote. Below 1.3140 , the downside beckons till 1.2943 .

Japan's emergence from decades of deflation is reshaping global finance and markets. Japanese companies that had hoarded cash for years are now ramping up spending and acquisitions as Japan emerges as the biggest source of dollar bonds from Asia-Pacific region . 153.65 - 154.45 for now

Passive defence of 88.80 appears to have undergone an overnight seismic shift in stance to an aggressive posture both in offshore and on shore. Given the past orientation in caged bird policy , the bids would resurface at 88.35.