



Bank of England reaffirms willingness to buy billions of pounds in gilts

*The Bank of England issued a statement on Monday in which it said it was reaffirming its willingness to buy up to 5 billion pounds (\$5.65 billion) of long-dated gilts at each of its daily auctions, after rejecting almost all offers earlier in the day... **The BoE bought just 22.1 million pounds of gilts out of 1.9 billion pounds which were offered on Monday...***

<https://www.reuters.com/world/uk/bank-england-reaffirms-willingness-buy-long-dated-gilts-2022-10-03/>

BlackRock, Schrodgers hit property investors with restrictions to stem pension client exodus

BlackRock, Columbia Threadneedle and Schrodgers have put limits on the amount large investors can withdraw from their UK property funds, as pension clients look to cash in their holdings in less-liquid assets. The moves mean pension funds — many of them having requested to pull their money from these property funds months ago in the wake of volatile markets and rising interest rates — will have to wait longer to be paid.

Columbia Threadneedle said withdrawals from its £2.3bn Pensions Pooled Property fund would move from daily to monthly "due to liquidity constraints resulting from the recent market volatility and a subsequent increase in redemption requests" ...Schrodgers has also imposed restrictions on the £2.7bn Schrodgers Capital UK Real Estate fund. It will "partially defer" around £65m worth of redemption requests made during the second quarter, which were due to be paid to institutional investors on 3 October... <https://www.fn london.com/articles/blackrock-schrodgers-property-fund-restrictions-investors-exit-20221004>

Kwarteng Gave Bank of England Permission for £100 Billion of Bond Buying

Approved increase is bigger than implied by BOE operations

"The Bank has requested an extension to the maximum size of the APF by £100 billion to £966 billion... There was a special urgency to incur this liability." ... In reality, the buying has been far smaller. The BOE has bought about £3.7 billion out of a potential £20 billion across the first four operations.

<https://www.bloomberg.com/news/articles/2022-10-04/kwarteng-gave-boe-permission-for-100-billion-of-bond-buying>

ESZs drifted modestly higher during early Asian trading but commenced a rally in later trading that persisted until 6:30 ET. ESZs and stocks then traded sideways with a downward bias until the NYSE opening. Then, ESZs and stocks went vertical on manic buying, which included panic short covering.

ESZs soared 54 handles in the first 30 minutes of ESZs trading to hit +108.25 on the day. They then traded sideways with a modest upward bias until they broke lower at 12:45 ET. A 42-handle ESZ tumble ended at 13:20 ET. ESZs and stocks then plodded higher into the close.

USZ had wicked volatility on Tuesday. After forming a quadruple top near the 129 12/32 high, USZs sank in the afternoon and hit 128 10/32 at the NYSE close.

While the usual suspects regaled in the equity rally, most people ignored the reinflation in commodities. Gold surged 1.91% while WTI Oil hit 86.98, \$10.73 above its September low. Gasoline traded 43.62 cents (+19.4%) higher than its September low (224.87 on 9/8/22). Natural gas surged as much as 5.7%.

OPEC+ Considers Cut to Output Limit of as Much as 2 Million B/D (Meets today)

<https://www.bnnbloomberg.ca/opec-considers-cut-to-output-limit-of-as-much-as-2-million-b-d-1.1827905>

Saudi Arabia is seeking to raise oil prices at a crucial meeting in Vienna in a move set to anger the US and help Russia. – The FT

@townhallcom: (Fox's) *DOOCY*: "You've said the president was responsible for gas prices coming down. Is he responsible for gas prices going up?" *KJP*: "So, it's a lot more nuanced than that." <https://t.co/8P1P1JPa2y>

Ironically, the risk-on rally on the notion that the Fed MUST pivot is reflating commodities, which in turn guarantees that the Fed MUST hike rates for the remainder of 2022.

Fed's Daly: need further rate hikes to beat inflation

"There's a lot of room to slow the labor market before we get into severe recessionary conditions that people are predicting," ... **Inflation, running at more than 6%, is eroding the value of American wages, she said, and the Fed needs to deliver "further rate hikes" to bring it down..**

<https://www.reuters.com/markets/us/feds-daly-need-further-rate-hikes-beat-inflation-2022-10-04/>

San Francisco's Fed president calls inflation a 'corrosive disease' and a 'toxin'

Federal Reserve Bank of San Francisco President Mary Daly said too-high inflation is depressing the real wages of U.S. workers, especially the less advantaged who are bearing "a higher tax" from rising prices... "An inclusive economy goes both ways: It doesn't mean just jobs, it means jobs and price stability." ... <https://fortune.com/2022/10/04/san-francisco-fed-president-inflation-corrosive-disease-toxin/>

Fed's Jefferson says inflation is U.S. central bank's most worrisome problem <https://t.co/S7R2CwXbKz>

"Restoring price stability may take some time and will likely entail a period of below-trend growth," ...

@federalreserve: *Governor Jefferson delivers remarks on technology's impact on the post-pandemic economy at @AtlantaFed @DallasFed @RichmondFed conference:* <https://t.co/WVq3YTPg2e>

US Factory Orders in August were the expected unchanged m/m; ex-Transport Orders were the expected +0.2%. August Durable Goods were the expected -0.2% m/m; but ex-Transport Orders were 0.3%, 0.2% was consensus.

August JOLTS Job Openings sank to 10.053m (14-month low, 2nd largest decline on record) from 11.17m; 11.088m was consensus.

@WilliamsonChris: *Global manufacturing PMI falls into contraction territory for first time since 2020 lockdowns. Here's our deep dive into the numbers and sub-indices* <https://t.co/Ja7Q8JkP9R>

Positive aspects of previous session

More intervention and panic short covering, exacerbated by Yom Kippur, drove stocks higher

Negative aspects of previous session

Bonds have a very volatile session and appeared to have made, at the least, a trading top

Ambiguous aspects of previous session

Who else is in trouble? How many are in trouble?

First Hour/Last Hour Action [S&P 500 Index]: 1st Hour from NYSE open: **Up**; Last Hour: **Up**

Pivot Point for S&P 500 Index [above/below indicates daily trend to traders]: **3769.77**

Previous session High/Low: **3791.92; 3726.46**

WSJ's @NickTimiraos: *The New York Fed has named Richard Ostrander, a managing director at BlackRock, as its new general counsel. (But of course.)* <https://t.co/TSdarrWWBC>

@hussmanjp: *The Fed has pivoted only twice - 1975 & 1976 - with the Fed Funds rate below core PCE inflation. In both cases, unemployment was over 7.5%. Both pivots were short-lived. The last time the Fed pivoted with core PCE (currently 4.9%) more than 1.2% above the funds rate was never.*

Today is Yom Kippur; market activity should be greatly muted. The market explosion over the past two days was partly a product of manic short covering. Yom Kippur was probably a factor in the short covering frenzy. Now that **stocks have gone from extremely oversold to very overbought in only two sessions**, be alert for the formation of some type of top. The interest rate market shows no Fed pivot!

ESZs are -9.00 and USZs are -4/32 at 20:00 ET. PS – Some pundits attribute the surge in the euro to the **belief that the Ukraine-Russia war will be ending soon.**

Expected economic data: Sept ADP Employment Change 200k; Aug Trade Balance -\$67.7B; Sept S&P Global US Services PMI 49.2, US Composite PMI 49.3; Sept ISM Services Index 56; Atlanta Fed President Bostic discusses inflation at 16:00 ET

S&P 500 Index 50-day MA: 4002; 100-day MA: 3961; 150-day MA: 4090; 200-day MA: 4203
DJIA 50-day MA: 31,840; 100-day MA: 31,713; 150-day MA: 33,463; 200-day MA: 33,148

S&P 500 Index - Trender trading model and MACD for key time frames

Monthly: Trender and MACD are **negative** – a close above 4745.50 triggers a buy signal

Weekly: Trender and MACD are **negative** – a close above 4065.22 triggers a buy signal

Daily: Trender and MACD are **negative** – a close above 3806.04 triggers a buy signal

Hourly: Trender and MACD are **positive** – a close below 3685.48 triggers a sell signal

Tony Bobulinski tells Tucker Carlson Joe Biden was 'chairman' of Hunter Biden's overseas business dealings - *Tony Bobulinski, a former business associate of Hunter Biden, believes Joe Biden essentially served as the "chairman" and a "figurehead" to his son's overseas business dealings...*

"There are hundreds of data points that Joe Biden was acting in – in a capitalistic term, I would say the chairman," Bobulinski told host Tucker Carlson... <https://t.co/vTGYLkXxPD>

Hunter Biden defrauded me, Jim Biden called me during FBI interview, former biz partner says *Tony Bobulinski was interrupted while he was being interviewed by the FBI, 11 days before the 2020 presidential election, by a mysterious phone call from the president's brother, Jim Biden, who may have suspected that his business partner was threatening Joe Biden's candidacy by dishing the dirt on his family's China deals. The missed phone call at 1:37 p.m. October 23, 2020, came as Bobulinski was telling two FBI agents that Joe Biden stood to earn a 10% cut of his son Hunter and brother Jim's lucrative joint venture with Chinese energy firm CEFC...* <https://t.co/YP17RzvVla>

In Brazil election, opinion polls the 'biggest loser'

Following a trend in recent years of underestimating voter support for Brexit and Donald Trump, opinion polls in Brazil were way off the mark for Sunday's first round of presidential elections...

Bolsonaro's result came completely out of left field. He managed 43 percent of votes compared to 36 percent predicted by Datafolha. Instead of a predicted 14-point handicap, he lagged Lula by only five points, or about six million votes. There was a similar trend for some of Bolsonaro's rightwing allies... <https://news.yahoo.com/brazil-election-opinion-polls-biggest-191737525.html>

Trump wanted to reveal Superman shirt after leaving hospital for COVID care, new book says
Trump planned to be wheeled out of Walter Reed National Military Medical Center, where he went after testing positive for COVID-19 in 2020, before standing up and opening his button-down shirt to reveal the Superman logo, according to Haberman's book "Confidence Man: The Making of Donald Trump and the Breaking of America."... The New York Times' senior political reporter also writes that Trump was inspired by the singer James Brown, who tossed a cape off onstage ...

CNN also obtained a copy of "Confidence Man," and the network reported that Haberman wrote in the book that Trump almost fired his daughter Ivanka Trump and son-in-law Jared Kushner. Both served as senior White House aides during his administration ...

<https://www.usatoday.com/story/news/politics/2022/10/03/donald-trump-superman-shirt-covid/8169263001/>

@julie_kelly2: *Archivist is so super serious and not at all another administrative state political functionary that he listed (DJT's) Twitter accounts as potential presidential records*

https://twitter.com/julie_kelly2/status/1577325560765636609?s=02

Biden boosts Democrat fundraising with James Murdoch event <http://reut.rs/3CxPJog>

@RNCResearch: *Joe Biden watches idly as the press is manhandled out of the room. "Among the only press in the world that does this," Biden complains as reporters shout questions.*

<https://twitter.com/RNCResearch/status/1577392467208507396>

@FreeBeacon: *DeSantis says 3 out of the 4 people arrested for looting are illegal aliens. "They're illegally in our country. Not only that, they tried to loot and ransack in the aftermath of a natural disaster... they need to be sent back to their home country. They should not be here at all."*

<https://twitter.com/FreeBeacon/status/1577383434846175238>