

its 10-year average. Even the NKY 3M ATM vol dropped to an 8-month low !!!

8) UK Banks: On the back of weak FICC earnings across the street, Barclays I feel has hit Rock Bottom. This reflects the sentiment around FICC geared investment banks generally, but also the horrible six months that management has seen. My personal view is that rates + credit will recover in 2014 as tapering will create a steeper curve and volatility. I also think Barclays leverage ratios will improve soon and Barclays will push through an aggressive cost cutting plan.

Quick Macro Snippet:

What should we be focused on: The most important market drivers will now be the 1) US labor market data and 2) Eurozone inflation. An improvement in the former will determine the timing and pace of Fed tapering. A decline in the latter will determine whether the ECB will stay on hold, or loosen policies. The Sep NFP is on Tuesday stay focused.

Gold some technicals - couldn't resist: The bears are still fighting the recent up move, here are some technicals to rebase...

The volatility in gold over the past several days has been impressive. A close above 1330 (Oct-08 high) would be the first sign of basing and a turn higher, while bulls gain control only AFTER a close above 1375 (Sep-19 high). A close below 1270 exposes the Jun-13, bear trend lows of 1180