

Thiagu's Blog Global Market Outlook-06 Nov 20

The chipper mood in the markets seems to reflect easing concerns about Election outcome .Fed held on to their hands-off posture - in place since August.

It is perplexing to see that Equity markets are comfortable with policy gridlock, while bond investors got smacked by the mirage of the blue wave.

Equity markets Switch narratives and stay optimistic. Ability to sustain this euphoria without any expeditious policy largesse in the second pandemic wave is doubtful ..

With markets crafting a "risk-on" spin to the gridlock, Dollar has turned weaker with lower US yields also adding to downside. However, USD index matched October's trough and its ability to hold above it produced a palpable rebound. 92.50 94.50 range most likely .

Dovish ECB amid virus resurgence to weigh soon . But equities are driving EUR higher and dragged down by the cross moves. 1.1880 may hold for 1.1770 test .

GBP/USD rose after BoE increased QE by 150 billion pounds .Sun and Telegraph wrote on negativerates but did not happen - no assurance BoE won't eventually resort 1.3177 spike high Oct 21 to cap rally.

Sept household spending falls 10.2% as real wages slid seventh month.Suga declined to comment on USDJPY-

It finally cracked support at 104, which it had held repeatedly the past few months. It subsequently probed below support by 76.4% Fibo 101.18-111.715 pandemic panic range from Mar at 103.66- Would definite be odd for it to break this without some sign of stress from stocks ?

USD/INR to gap lower at open but limited downside as short covering after steep fall in last two sessionsv to underpin. 74.00- 74.30 to hold - yesterday's bids likely to continue .