

To begin with, it looked like more of usual USD weakness and equity strength for the week - but without any significant change in the backdrop, the script flipped early and the undertone has become negative .

Market optimism turns less sanguine as short-term risks that stem from mounting coronavirus lockdown measures doused broader vaccine hope .

USD index appears to be bottoming out - close past 91.73 to enable broad recovery .

EUR/USD matches Dec 4 high at 1.2177 but then falls sharply. Trend stalls - tighter lockdown pushing Germany in 'double dip', recession. ECB's Fabio Panetta was emphatic that ECB was ready to do more

to stop rising EUR. Close below 1.2121 well tested 10 dma to end topside bias. But now flash PMIs and IFO besides FOMC. 1.2120 1.2170 range .

China Nov Indl Production 7.0% y/y. Retail sales rose 5% short of expectations. Oct retail sales also missed but by smaller extent - China's consumption-boosting efforts inadequate ? PBOC to hold back any more tightening of stimulus - PBOC injects massive CNY950 bln in MLF, rate unchanged .USD/CNY rises to 6.5527 from 6.5490, out of Bollinger downtrend channel. Upside till 6.6200.

Rose to 1.3444 on week end news and pulled back on UK ratings and pandemic restrictions .Surging virus in London brings compromise ?.Bookmakers

reflected cable's optimism. Deal at 73%.so upside muted . The pull back yesterday off 1.3444 suggests re test of Friday's 1.3135 low then 1.3108, 50% Sep-Dec rise.

The rumour is that BOJ would extend its corporate funding program at this week's meeting. Yesterday Low at 103.52 came as stops were run through to be followed by impulsive dollar rebound. Positive bias for 104.22 break.

Notwithstanding yesterday's downmove sustaining below 73.65 , would expect the bids to anchor the pair today around 73.65 .