

Weekly jobless claims & Powell's speech are key events today besides important payrolls tomorrow - which will set tone for the month. Markets await details on relief bill being adjusted in Senate before going back to the House. (Mild sense of Risk off on possible plot by militia group to attack Capitol)

Powell doing a Q&A (not a prepared text). While expectations are running high that he would reveal his plans about yields, it is likely that he will stick to his recent script - markets will not get anything new from him. Still high exp. (Yesterday Evans & Harker were not concerned about yields)

Rule of thumb is that Higher US growth relative to rest of world combined with higher US yields to see a stronger dollar - (when steepening US yield curve is added to the mix, it becomes potent). 2y-10y

widened to 135.4 bp - most since Feb. 26, (when the curve steepened by most since 2015)

US Data shows buoyancy. **Markit Services PMI revised up to 59.8, composite 59.5 - ISM services disappointed. ADP misses exp - severe weather -** Beige book shows modest recovery. 10 year yield biggest mover - high reached 1.498 shy of 1.50%

There are rumours that ECB sees no need for drastic action to fight rising yields. As per script, 1.2109 held . Consolidation in broader range extends 1.1993-1.2198 BB.

With NPC meet from Friday, markets could stay quiet in range - next week could be pivotal for USD/CNH. PBOC fix highest since Jan - hints at damping of DXY surge.

Cable traded 31 pip range during Sunak's budget speech, 1.3945-1.3976- narrowest

ever ? Potentially acrimonious financial services negotiations with EU combined with more cautious outlook on recovery would derail Sunak's "whatever it takes" budget. Downside obj 1.3630 still beckons

USD/JPY hits high of 107.16 - 50% of Mar-Jan pandemic slide. Option barriers 107.00 now history, now eyes 107.24 55 wma test. Has room to correct lower to 106.22, Feb. 17 swing high - 50% Fibo Jun-Jan drop

USDINR downmove on perplexing change of stance to let the market decide -hands off in case of higher oil ? Downmove below 72.85 ( 61.8 % of Feb upmove) - aberration -should regain 73.30 before week end .



