

April CPI's astounding 0.9% m/m rise -- its biggest since 1982 .The market is ignoring the old adage "don't fight the Fed".

There have been ten Fed speakers in the past two days but there has been a subtle but perceptible change in commentary. To be sure, the Main rhetoric continues to be consistent: Inflation is transitory and it will be a considerable period before a taper. Yet some doubt is creeping with Clarida yesterday saying that he would take it 'very seriously' in case longer term inflation expectations move up and Bostic talking about turbulent time & volatility in inflation.

Israel pressed ahead with offensive in the Gaza Strip.Begins to resemble devastating 50-day war in 2014. In a significant departure from the past , Markets appear to be worried about this conflict now .

Today's Claims and PPI and retail sales tomorrow more relevant. 90.20 held and 90.76 tested as expected . Exp this move to stay anchored for 91.70.

Markets might continue to question Fed's stance and push interest rates higher and hence EUR/USD's downside risks to stay elevated 21 dma May 7 low and trend line off the March low near 1.2050, a break of which could signal a deep EUR/USD fall.

Dollar demand in May for dividend payments to kick in .(Total dividend payments to rise 13% to \$84 bln). Higher US yields and this solid demand likely lead to test of 6.4935/95, t-l off April 1 high

Upbeat UK Q1 GDP & output data . But if U.S. recovers in lock step with UK, GBP/USD's resurgence to fade .BoE hawk Haldane is very worried about inflation

whereas BoE's Haskel 'not that worried' by inflation. 1.3977 test below 1.4107.

US yield rally but equity sell off . USDJPY blast into sky - should power its way till 112.23 . Weekly close past 109.77 on-close pivot pt targets 2021's 110.97 peak. A=C wave target off 107.48-9.695 and April 6 high at 110.55 .

USDINR : Another instance of a tough global day happening to be a local holiday and providing respite. The moves in near term carry nowadays appear engineered - new weapon in the armory ?