

Back to basics after mid week CPI turbulence- transitory camp wins - Relief that U.S. economy is not in the cusp of overheating, or it poses threat to rich global asset prices premised on sustained Fed accommodation.

Retail sales slipped. April was not as great as market was thinking -especially with the stimulus. IP climbed -missed exp. UoM sentiment index weak at 82.8 - inflation expectation rose to 4.6% from 3.4%

FOMC minutes Wednesday is the next potential catalyst- whether Fed's transitory inflation outlook is being more widely questioned ? USD index 90.20 90.70 consolidation.

ECB accounts sees asymmetric recovery -services dependent countries expected to recover at slower pace. However sentiment

towards Europe shifting, yields still low but equities up. ECB-BoJ divergence? EUR/JPY trending up to three year high .Pair stalls near 1.2150/55 structural resistance.

**China Securities Journal calls for tighter regulation of crypto trading. Capital flie into Gold and commodities.**

Lower U.S. yields and hence buoyant risk but Asia virus spread. **Singapore Apr Non oil domestic exports +6% y/y, -8.8% m/m. China April data - not convincing of recovery. USDCNY to stay supported around 6.4350**

Fast vaccine rollout has fuelled optimism UK house prices boom outside London - as expected - Rightmove .Nearly half of small UK manufacturers see recovery soon. To stay capped 1.4095 = two-day high (three pips shy of 61.8% Fibo of 1.4154-1.4008)

**Japan April PPI +3.6% y/y ( exp 3.1%).** Post-CPI rally wavering with Treasury-JGB yield spreads since Wed. This year's uptrend will remain in play unless there's a close below the up trendline from Jan at 108.81.

Regional virus woes may have limited impact .USDINR to stay supported in 73.30 73.70 range .100dma at 73.37 to be overcome on close for basecase rupee weakness .