

Markets are beginning to come around to the idea that Fed is surely edging towards a discussion about tapering .After Clarida , it was the turn of Quarles yesterday to say that in so many words (The trigger appears to be the ballooning Fed balance sheet nearing a psychological 8 %)

Focus shifts to jobless claims today and Friday's PCE report, particularly core PCE seen up 0.6% m/m and 2.9% y/y. Chicago PMI and final May Michigan sentiment reports are also out tomorrow, as preludes to payroll on June 4.

Month-end flows & long holiday weekend
89.99 10 dma break positive & Sustained
break of 90.40 21 dma to end down bias.

ECB's IPanetta borrowed Fed's transcript-
he does not see signs that inflation is

shifting upwards and that it is premature to withdraw stimulus measures. Euro's 4.8% rise over last two months halted -first lower daily high & low for EUR/USD since Mar 12. 1.2160 to break for deeper decline .

China April indus. profits +57% y/y .US and China trade reps speak in phone call. Too tempting to say 6.40 break instrumental for the call . Obj achieved and so can see Dollar bids resurface ? - Today's close above 6.4076 to confirm.

Johnson rejects criticism by former aide Cummings .UK car output rebounds after last year's lockdown low but mfg under pressure on Brexit restrictions& supply chain issues.GBP bullish fervor ebbs as expected. Break of 1.4054 21 dma to deepen the decline till 1.3830.

Senior LDP lawmaker asked BOJ to up

asset buying and weaken yen .JPY crosses bid - fresh highs of year yesterday.(NZD/JPY 78.52 to 79.63 yesterday).Tightest 10-day Bollis and lowest 2-wk vols since Feb may presage USDJPY breakout from 108.34 -109.785. For now 108.80 109.30.

No rational to equate INR with rest of the Asians especially CNY - Dynamics totally different - who cares so long you have carry. Still can bet on 72.80 73.00 range.