

Shift in Fed rhetoric in marks the decisive turning point for Financial markets - would be too naive to think Fed was not moving closer to tapering. However, Friday moves of most asset markets reversed - classical dial back of Fed angst. The squeeze lower in long-end Treasury yields ended with a spectacular crescendo followed by a big reversal.

Fed is changing its mind about the priority of employment over inflation and possibly turning back to putting inflation first.

Simply put, Markets which have been led to believe unrelenting narratives on "low for long" theory - can not change track so soon.

Chicago Fed May national activity index - somewhat a reliable precursor to the business cycle- disappointing at +0.29 vs +0.70 exp. Fed speakers are now the focus

for the week. Powell 's testimony to Congress later - prepared remarks point out notable inflation .

Paring of short USD positions has the potential to push the USD index to Mar 31 high around 93.50, as long as 200 dma (around 91.50) holds. Strong resistance at 92.51, 76.4% March May fall.

Lagarde says recovery is gathering pace - to ensure support.(No tapering ?).EUR rebound pauses around key Fibo at 1.1930. Further upside appears elusive . Downside past 1.1845 may not hesitate to challenge 1.1700.

USD/CNY goes slack after failing to scale 100 dma , last 6.4630.May esse off to Fibo support at 6.4418 before finding bids.

Britain begins negotiations to join trans-Pacific trade deal.Thursday's MPC remains

the key cable event with bulls likely to rejoice in any hawkish BoE shift. GBP/USD shorts encouraged as it turns around before 100 dma 1.3943. Downtrend targets a test of 1.3756, 61.8% of the 2021 rise

Risk mood-U.S. yield-USD/JPY correlation is back, sometimes going against overall USD trend. USD/JPY volatile, to 110.82 Jun 17 & 109.72 yesterday. 110.23 -110.48 range before 111.50.

Doing a bit of a catch-up on oil, most of the research firms expect \$100 oil by year end. However USDINR sees yet another failure at 74.30. Patience rewards though. Close above 74.33 61.8% fibo to pave way for 75.0, 75.60 April highs