

There wasn't much to move fundamental needle but price action in all asset classes was unusually busy with risk trading higher

Senate Republicans blocked a move to open debate on \$1.2 trillion bipartisan infrastructure measure- stale mate.

Brewing partisan showdown over U.S. debt ceiling -Treasury projected to exhaust its borrowing authority in Oct,- upward pressure on short-end rates .

Otherwise, conventional US dollar smile theory is in play. Dollar trading on the front foot regardless of risk sentiment swings. Bullish setup targets a test of 93.43 March and 2021 high.

Corrective pullback in EUR USD in last breadth ahead of ECB. Most likely a Shift to more structurally dovish ECB today - tie their rate path to an explicit calendar date -

i.e. no rate hike until late 2024. Aftermath to trigger death cross, EUR/USD downside risk, making supports at 1.1700 & 1.1600 vulnerable- probability of a longer-term decline increases.

Katherine Tai backs Australia in their trade dispute with China- friction continues.

However in a vote of confidence ,third of respondents in a global survey of central banks intend to add CNY to FX reserves.

Rumours of **More easing by PBoC**. Yuan index at 5-year high- not to sustain.

USDCNY 6.4610 6.4810 narrow range.

EU rejects UK's request to alter NI protocol but ready for "flexible solutions".UK pay

awards plateau at 2% after early 2021

rise.BoE will be in no hurry to tighten, if

wages at 2%. 'Pandemic' affects multiple

industries-UK food supply chains 'on the

edge of failing.Cable captures 200 dma at

1.3709 -it plunged below before bottoming

at 1.35725 trough (Feb 1.3566 low). This bounce is a sell -stop at 1.3723 .

Japanese holiday - Two Olympic athletes test positive. USDJPY July **ABC correction lower is over** -above 61.8% of July drop & B-wave high at 110.67/70 eyes the 111.66 peak. 10-DMA by 110 is a strong. Stay long.

Battle of the delivery boys spills into the market place - Markets disappointed by one whereas the other one made it matter and swung the sentiment- pushing USD INR lower from 75.00. Oil up 4% - even the zig economy uses oil ! - Sharp rejection and gap lower - conviction under test. But likely return of IPO flows - 74.40 to hold .