

The tide appears to be on the turn at Fed as influential section in Fed seems having an upper hand especially as Powell looks less likely to get second term.

Lining up for a taper - Waller, Clarida, Bullard, now even Daly. Clarida stole the thunder on expected lines: Tapering later this year; support for raising rates in 2023; tapering and raising rates are completely separate decisions.

Short capitulation is emerging as the key reason behind yield plunge - reported hedge fund wipe out- Alphadyne has had a short squeeze in global bond market, with \$12 billion macro strategy snared in series of bad bets.

Wipsaw Wednesday- Dollar dipping on dismal ADP and then posting gains on ISM services & Clarida. US ADP slumped to

330K versus 695K exp-ISM Services PMI jumps to 64.1 versus 60.4 prior.

USD index Bullish outside day - yesterday - was a positive signal. 91.79, 38.2% of the May/July rise -resilient support- held . 93.40 after payroll .

EURUSD sideways for now with a plunge more likely tomorrow. Support at 21dma at 1.1826 -break opens up base at 1.1750.

Doubts surfacing about China's growth may dent yuan. China may need more monetary and fiscal easing to halt an economic slowdown. Possible further RRR reductions .USDCNH trapped in narrow technical range 6.4588-6.4910.

BOE today- policy or guidance to stay unchanged- to maintain stimulus despite rising inflation. Eyes will be on how votes there are for an early end to QE; 2 possible

- Ramsden and Saunders being the usual suspects. Still bearish for 1.3772 .

Flow data show Japanese again buying foreign bonds,. Week-ended July 31 saw net purchases of Y225.6 bln, Y1.083 trln sold prev. Japanese trading for-bonds for shorter-terms, not long-term. For now to stay between 109.38 -100-hma 109.70 200-hma.

Unsterilised intervention- liquidity deluge but rapidly declining money velocity and hence equity rally further chased by incremental hot money : Vicious circle in place. However USDINR to stay well supported at 74.14 Reclaiming 74.33 by close would restore the bullish cause.