

Markets are always adept in dealing with uncertainty but global pandemic -coupled with strange trajectory of recovery- amidst sustained easy monetary stance and sea of liquidity has added wrinkle that makes it tough to sustain conviction. "Just sail with the prevailing narrative" seems to be the best strategy .

Most expensive Covid case of all times appears to be from New Zealand - RBNZ unchanged after having been on an aggressive campaign hitherto- is it an ominous signal of whole world going that way- rates stuck in the mud for long ?

Retail sales came in weaker than expected at -1.1% .There is a school of thought that consumer is spending more on services vs goods. Industrial production beat - plunge in the NAHB index.Powell: Fed in the

process of fully putting away its tools designed for emergencies.

Minutes of July FOMC today (floor has slipped since then). 93.19, July and August high remains the resilient range top. Break to target 93.43 March and 2021 peak.

EZ employment and Q2 final GDP were at or better than forecast. **EUR/USD** pressing **1.1704** - 38.2% Fibonacci of the entire pandemic range at 1.16945, a break of which would make the 50% Fibonacci near 1.1500 the target.

China carries out assault drills near Taiwan - emboldened by Afghan embroglio. More rules & regulatory crack-downs. Chinese ports choked by harsh curbs. **USD/CNH** bustled higher to finally close above 200 dma. Obj : July high 6.5289

Sterling fell 0.8%, for its biggest drop since mid-June, regardless of upbeat UK jobs

data. First obj at Jul 20 1.3573 low.

Japan Jul trade surplus 441B vs 202.3B - not a good sign -lower-than-expected exports & even-lower than expected imports - Safe haven Yen outmatched by Dollar demand as current China angst not good for JPY. Besides, Japan may suffer in U.S. chip hub plan to counter China.
109.76 (38.2% Fib 110.80-109.115 drop)
break can see 110.38.

Broad Dollar bid and Asian stress should impact USDINR as well although markets reluctant as usual. 74.30 74.50