

Flash PMIs yesterday's reiterated the widespread apprehensions of continued supply shortages and bottlenecks which continue to push up costs for companies and consumers. Are we heading into an era where Inflation remains permanent but growth transitory ?

Weak US PMI allows Powell leeway to put off taper talk. However the higher risk now is for interpretation of Powell's speech as being hawkish - even if he merely leaves the door open for tapering.

US covid hotspots like Florida are showing clear signs that this wave is cresting- there's hope this could be final big wave in pandemic atleast in US. Fortunately, so far Lower virus has not yet implied lower risk.

Biden's \$3.5 trillion spending plan a tough work in progress. **July existing home sales**

**firmer at 5.99m.92.98, 38.2% July-August**  
rise resilient .21 dma at 92.69 pivotal. Net  
positive setup targets retest of Friday's  
93.73 2021 peak.

Recent decline in Oil prices isn't matched  
by physical. inventories trending below 5-  
year average. Bounce back from close to  
20 % implies that traction in oil is not lost  
& as a corollary commodities to hold .

**EZ Aug prelim consumer confidence -5.3**  
**vs -5.0 exp. Obviously slipping** but it made  
an impressive run from -22 in Q2 of 2020  
and steadily from -14 at the start of year,  
so it's a small setback. Below 1.1778, down  
move stays alive. For now , contained in  
1.1731-1.1757.

China's "Cross cyclical" policy- different to  
countercyclical policy - shifting more pre-  
emptively, moving sooner and more  
incrementally. USDCNH above 200 dma

6.4827 looks well supported.

Notwithstanding the upmove yesterday, GBP USD negative set up still holds. Fall targets test of 1.3572 July trend base, with 1.3451 2021 base. 1.3748 - 38.2% July-Aug drop from 1.3983 to 1.3602- to contain.

Despite reservations, JPY crosses on the up. CAD/JPY in surge mode - spike low of 84.64 Fri to 86.77 o/n. USD/JPY stays under 10 dma by 109.90 above support 100-dma at 109.65

USD/INR poised to test but hold lower end of long standing 74.10- 74.40.55 dma at 74.20 to stay in tact at close .