

The focus is squarely on Payrolls. Wall Street consensus is that FOMC would announce a taper plan in September, most likely to begin in November unless this payroll wildly misses expectations.

Since June ECB and Fed combined have added \$1 trillion to their balance sheets. For all the taper talk and the hot inflation prints, they have injected another \$1 trillion in just the past 3 months. For context, It took ECB and Fed THREE YEARS to expand their combined balance sheets by \$1 trillion in the period between January 2009 and December 2011. What took 3 years then, they've just done in 3 months.

So Taper - if at all it happens - is a minor cosmetic operation and the equity markets will continue to make newer highs. The equity rally has gotten too persistent and steep that failure is not an option. Indeed

markets MUST make new highs every week or risk the break of the trend.

US data was mixed .Manufacturing activity & new orders rose, but ADP missed -has a terrible track record of predicting non-farm payrolls. 92.50 to hold in USD index .

Oil dropped \$1.50 ahead of OPEC- perhaps on talk of more production next year from Russia. Later, a tight US oil inventory report combined with record US oil demand put a line under crude and it slowly fought its way back.

German elections : SPD keeps its positive momentum and CDU struggles .Lagarde said that with EZ recovery, policymakers should be more surgical (?) with support. 1.1816 has to break for downside traction.

Inflation remains at 9 year high in South Korea.USD/CNY fix at 6.4594 lowest since

Jun 29. Downside limited on slowdown & regulatory crackdown. Xi's speech today keenly awaited.

UK shopper numbers up in August- still below pre-pandemic level. GBPUSD bias lower -1.3811 200 dma caps. Wed 1.3732 low then Friday's 1.3679 base significant.

Perennial BoJ Policy Board dove Kataoka calls for more ease if needed. USD/JPY sideways in Asia after fall from 110.42 yesterday, 109.92-110.12.

USD/INR holds above key 72.95 support. Consolidation after rapid 1.7% decline in 4 trading sessions. Probable Weekly close below 100 wma directionally significant .