

“As expected” statement and a hawkish Fed presser- Equities cheer the statement while the Dollar bulls cheer the presser.

In a phrasing -even the notoriously opaque Alan Greenspan - would admire, Powell was surprisingly hawkish precommitting to a November taper along with mid-year timeline of when it would wrap up :

**"Gradual taper that concludes around the middle of next year is likely to be appropriate".**

Combine that with a hawkish shift in dots - *willingness to hike rates sooner than previously assumed - markets responded with bull flattener (5s/30s) and are trading as if Fed will ultimately liftoff sooner .*

**Evergrande risk fades - as expected - it is not going to evolve into a systemic crisis. Message :Credit fuelled expansion would**

result in such frequent flare-ups.

Weekly EIA showed that US crude stocks fell to levels not seen since 2018. Bullish bias in Brent strengthens till about 83.00

Imminent upside break of resistance line in USD index at 93.50 to see 94.40 test by weekly close .

Confluence of negatives : Straight talking Fed ,Weekend German Elections, Gas crisis & China slowdown impact. But Cons Confidence Indicator rose to -4 (flash) from -5.3 in August. EUR USD resisted at 1.1755 on expected lines and is set for test of 1.1604 .

Fitch says "deleveraging dynamics" weighs on Chinese recovery - policy is recalibrated -housing to take toll on domestic demand, global commodities.CNY depreciation is the resultant outcome .For now 6.4750 to

hold for 6.5500

BoE today. Record jump in UK inflation expectations. But Can't follow Fed - Energy crisis spooks . GBPUSD as per script - spotlight on 1.3571- break to see eventual fall to 38.2% of 2020/21 uptrend at 1.3189.

USDJPY as expected climbs back into 110 zone. Above 110.17, expect 111.80.

USDINR tested and broke 73.85. In the previous instances , pre Fed rally gave rise to post Fed collapse . But not this time . Global dynamics of a strong Dollar and strong equities should have kept USDINR steady but Stronger oil in the mix is what should keep this upmove well anchored for 74.30