

It's all about energy at the moment and that spells out how sentiment is playing out across broader markets as inflation fears grip. Besides energy, markets stay focussed on Payroll, Taper time-line , Debt ceiling and rising yields

Nationwide expiration of enhanced unemp benefits on Sep 5 & school re- open should have boosted effective labour supply and job growth - (at least by 200 k in Sept & a larger boost in Oct). Base case is 650 k (whisper number although is million plus)

Optimism in the air as Senate voted to extend US debt limit. Sixty votes were needed in the procedural vote, which sneaked across the line at 61-38. This set up the actual debt limit vote which needed a simple majority & passed 50-48. Bill now

heads to the US House for a final vote.

USD index now looks to test 94.80 (38.2% Fibo 2020 high to 2021 low)- weekly close past that is obviously bullish.

Russia plans new Arctic naval fleet as Putin celebrates 69th birthday by moving to ensure further stranglehold on Europe's gas supplies. ECB Accounts confirmed that members felt accommodative monetary policy stance remains necessary. Schnabel said current rise in inflation attributed to temporary factors & over reacting could be harmful (Mumbai to say this today).

EURUSD at 1.1550 .Obj 1.1478 .

China's return after a week-long holiday - whether good or bad ? Credit stress builds in both on shore and offshore- If at all Yuan rolls over, it could be end of the road for risk- thankfully not yet. 6.45 holds well in USDCNH .

UK faces bleak winter of soaring energy costs. However BOE's Pill expects rates to remain at relatively low levels for coming years. GBPUSD held 1.3636 and as that pivot holds, it should stay weak. Likely to be sharper fall to 1.3180 with stop at 1.3720.

New Japanese PM Kishida to outline his policy today. Dismal data: Household spending -3% y/y (exp -1.5%). Real wages +0.2% y/y exp 0.5%-prior 0.7%. 112.20 to break for 114.55 .

USDINR consolidated on expected lines. Atlast the reality of oil is set to assert. 74.90 75.20 - even a surprise hike in MPC today may not make any impact .Close past 75.17 for the week to see newer highs