

Stagflation is the current buzzword which is hitting vulnerable pockets in FX. IMF confirms that narrative in their own typical style - loaded with so many "ifs and buts". Relevant point for FX in their report is about the soaring imbalances in global current & fiscal accounts - which shows increasing dependence on Dollar for a long time .

Otherwise energy has been flattening out whereas US equities stay on the back foot. At the close, Apple announced that they may have to cut production of the iPhone on account of chip crunch.

Clarida and Bostic - all but confirmed that tapering is still on track for Nov meeting. Softening of job openings (10.439m)- ironically Hires are falling but there are millions unemployed . US CPI today and ofcourse Retail Sales on Friday.

USD Index broke out of short-term sym. triangle near 94.40 and is poised for 94.76 resistance (24 Sept 2020 high).Uptrend in tact but a pause at these highs for now.

German ZEW disappointing. Assessment of current situation slumps from 31.9 in Sept to 21.6 in Oct - first decline since Feb Gas crunch still severe - no respite . Poland is the next concern ? 1.1529 tested -held - break to see 1.1478 .

Higher fix in USDCNY shows relative tranquility in the macro space . Can't see how CNY can appreciate given the global and domestic concerns . 6.45 holds well .

British employers expand payrolls to record high in Sept. Unemployment edged down to 4.5 %. Rate hike expectations - howsoever absurd- stay firm .Gas crisis still. **Brexit heavy week. Down move needs**

validation below 1.3580. Upside resisted at 1.3636.

Dominant feature in FX continues to be yen weakness. Japan Core Machinery Orders for August -2.4% m/m (exp 1.7%). It is normally a Global capex indicator - stall shows recovery slowing . 114.55 coming.

USDINR tested the key objective 75.70 set out a week back. For now pause in the upmove is in order ahead of holidays and after a strong uptrend . 75.15 75.45