

Yesterday's data releases underpin the US recovery narrative.

Jobless claims fell to a cycle low of 290k. The important point is that this data corresponds with the survey week. The unemployment trend is lower and should result in a strong payroll.

Home sales at **6.29m vs 6.09m exp- strong surprise**. Markets are underestimating the upside from home prices- home equity will be tapped & recycled into the economy to provide further lift to activity.

Inflation is finally being seen as key risk by all the Fed speakers : Waller, John Williams, Mester and Quarles -. **Powell & Daly to speak today . Powell can't risk being dovish as his Renomination is set to happen anytime next week.**

USD index weekly close above 93.73 - 93.77 zone to indicate strength for 94.40.

Italy flagged risk of heating inflation. Flash PMIs key now. In case of price pressure, EUR downside to open. 1.1670 held and retreat to 1.1530 in progress .

Evergrande paid USD 83.5m, which was due on Sep 30. Fitch downgraded another Sinic to Restrictive Default. For the third day in a row PBOC net injected 90bn yuan. Weekly total injection is whooping 260bn yuan. No negative headline till Nov 11 for sure .

Huw Pill, says UK inflation is likely to head close to or above 5% early in 2022 and that there is no need for emergency policy settings. Nov rate hike certain. Retail sales and Flash PMI relevant here. Break below 1.3780 to see downside .

An after thought about Trade balance - it showed auto shipments have been nearly cut in half from last year (-40%) - chip shortage more durable - to weigh on yen moving forward. Simple maths is lower exports & sharply higher oil imports - yen is rational - not a "rupee" to ignore this dynamics ! Global inflation, Retail shorts and US yields make up the cocktail. Pause now - break of 114.55 on the cards

USDINR manages to hold 74.80 at close -appears to be correlated strangely with equity markets - both go down or go up together - Oil appears a nuisance for the eternal rupee bulls but the fact is that the Trade deficit is mounting. 74.80 75.10