

The talk of taper without tantrum has been the bedrock on which risk edifice has been built over the last 18 months .But the big question coming out of the day is whether normalisation is beginning now which can shake this structure.

Bank of Canada surprised markets by skipping a step on the taper plan & going directly to zero from \$2B/week. **Brazil's central bank has hiked its benchmark rate by 1.5% to 7.75 % .RBA has thrown the towel on defending 0.10 % .(Aus Apr 2024 bond yield is 0.5%, 5 times higher than RBA target )**. In absolute terms, it hardly matters but direction wise, it can't be passed off as coincidental.

**Oil coming off from its recent highs makes another headline now. Obviously ,it**

**is a minor retracement** -numerous factors that are all now culminating in the strength of Oil and natural gas have long been in the making - further accentuated by recent events - have a long way to go .Barring a new vaccine-resistant strain or a global depression arising from hyperinflation, there are no warning signs that can stop oil from reaching highs seen in July 2008 .

Durable Goods Orders fell 0.4% in Sept (-1.1% exp).Focus turns to US GDP today .  
93.78 holds

Germany's GFK Consumer Confidence, surprisingly improved from 0.4 to 0.9 in October.EU reported Sept Money Supply increased by 7.4%, below consensus . ECB today to stay dovish for sure - EURUSD may just wait for Month end to pass before breaking below 1.1525.

US-China tussles over telecom and Taiwan

issues. Technically USDCNH completed ABCD and is ripe for 6.500 test

Risk of higher inflation more embedded in UK economy posing downside risks to long-term pound valuation. UK budget just endorsed that .Economy contracted 10% in 2020 - set to grow 6.5%. Break of 1.3780 to see Apr 12 low 1.3669, followed by Oct12 low at 1.3567, and then the 2021 low at 1.3411.

**BOJ status quo.**BOJ expects core CPI to print 0.0% figures vs 0.6% forecast in July while FY 2021-22 real GDP consensus at +3.4% (+3.8% prev exp). Kuroda and US GDP ahead . Bigger picture yen weakness on break above 114.55 -114.70 zone continues to be valid .

Rupee bulls to cheer Oil decline today but would certainly be disappointed with inspid follow through .USDINR to stay in

74.95 75.15 zone.