

Current mix of weak global economy and accelerating inflation doesn't bode well for risk assets. Emerging markets, junk bonds and carry trade are all showing a distinct struggle.

However US equity markets- which are seen as the barometer of global risk - are resilient - Earnings have so far been very impressive though Q3 will likely mark the peak of growth for a while. Beyond this and prickly Fed taper, it's going to be return of massive buy back flows (\$90 bio) that would keep the party going .

OPEC+ meet this week. Increase of 400K barrel likely to remain. Prospect of more rise has been negated to some extent by the OPEC+ Joint Technical Committee significantly downgrading expectations of a market deficit at their meeting last week.

RBA, Fed, and BOE this week to describe how they will navigate. But the currency that will be the least troubled will be the one with a central bank who can anchor inflation expectations. USD index is strong and safe - set to test and break yearly highs.

EURUSD closed below 200 week moving average at 1.1557 & below 50 month MA. Asian Central banks on bid now. However should break 1.1525 for decisive 1.1478.

Disappointing official PMI (larger & many state-owned firms) but private Caixin/Markit survey (better represented with smaller firms) is improving. Slow upward drift in USD CNH for 6.45 again. Positive regional news is that **South Korea per working day exports number +24% y/y**

Fishing dispute between UK and France

and tension over Northern Ireland are predictable consequences of Brexit- can't stay dismissive any more . **EU's Sefcovic has accused the UK of seeking a Brexit fight.**Pre- BOE caution as well. GBPUSD evolving on expected lines - massive sell off on Friday - now heading to 1.3411.

LDP will govern once again (in coalition with Komeito party).Further stimulus to be rolled out .**Mfg PMI 53.2-** Familiar themes supply chain issues & high input prices, but positive view on recovery.**USDJPY** convincing upmove- 114.55 break to see 117 plus.

Higher oil & higher Dollar (both closer to 100 by year end ?) - IPO flows provide some temporary breather - markets as usual overconfident- Provisional trade data to state the reality. Truncated week never helps Rupee. 74.80 75.30 .