

Semblance of uneasy calm -Friday's Omicron inspired panic remains at the back of the mind for all the asset classes -there is no perceptible hurry to reverse the moves yet & lack of urgency indicates markets remain less convinced in positive narrative .

One school of thought is that variant has a greater transmissibility and less severe health implications -This take is gaining wider acceptance - However markets seem to say: ' want to believe but afraid to'

Biden said lockdowns in response to the omicron are currently off the table.Powell says factors pushing inflation higher will linger into 2022 (expected line of thinking especially after Renomination).Yellen reminds the market of a perpetual risk -says failure to extend debt limit will eviscerate recovery. USD index 96.00 will

supported

OPEC+ meeting this week is the next big risk for global inflation- could pause the planned increase in production

Recent bounce in EURUSD may well prove to be short-lived. German inflation rose to 5.20 % in Nov from 4.50 % in Oct. Looks like 6.1% in Dec - frightening as ECB might look the other way - Break below 1.1260 to confirm

China's official PMIs in expansion. Spurt in Global inflation implies profits of Chinese exporters sharply higher -CNY appreciates on trade flows ?

UK-EU impasse on NI Protocol, worsening row on post-Brexit fishing rights between France and Britain - upside in GBPUSD remains capped. Energy crisis -collapsing energy firms- households to incur £120

more per month - 1.3260 1.3360

Mixed data from Japan - higher Global inflation means Higher USDJPY. Sell off to low 113's spooked base case -however convinced that another test on cards for 115.65.

USDINR should stay in consolidation mode between 74.80 75.20 for now ahead of the flash trade data expected this week .