

Month-end at work - big moves .Powell pulled out the rug by putting a faster taper.on the table for Dec meeting and retiring the phrase 'transitory'. This was his final appearance ahead of Dec 15 and hence the message is clear .

Reading between the lines, Powell appears more concerned with the risk of sustained inflation. CPI has more than quadrupled from 1.4% in Jan to 6.2% in Nov. In the second half of 2020, CPI averaged 1.25% -CPI in the previous decade was less than 2% - so obvious pain at the household level It has been a generation since Americans have seen such inflation -no one is inured.

Ukraine has become the main flashpoint between Russia & West - **NATO Head expresses concern over 'unprovoked and unexplained' Military Buildup on Ukraine Border.** This is one risk which can not be

ruled out .

Conference Board Consumer Confidence falls to 109.5 in November. Today's ADP and ISM broadly would look strong. USD index support at 96.00 held strong -monthly close indicates 97.80 by year end

Rate spreads suggest EUR/USD should be much lower (sub-1.10) and FX is still playing catch up. Besides the trade surplus is in a steep decline, unlike last year when it was rising. More relevant is the Inflation in Europe which hit a record in Nov with the headline inflation up 4.9%y/y and core inflation up 2.6% y/y. 1.1260 -1.1360

China Caixin /Markit Mfg PMI which has more firms smaller than those in official PMI -49.9 (exp 50.5).USDCNY seems in hurry to go higher - close to the important pivot at 6.3500 .

GBPUSD fell to a one-year low as expected .Brexit issues haunt and the Covid surge US concerning . BoE speeches hint no rate moves in Dec . Obj 1.3232 done still it should be weaker .1.3330 to resist upside .

Japan Nov mfg PMI (Jibun) 54.5 (vs. Oct 53.2).*Pace of expansion quickened as firms recorded stronger growth in both output and new orders.* The first case of Omicron in Kagoshima Prefecture. Still would continue to believe in upside target of 115.65 above 112.80.

USDINR was ranged in 74.80 75.20 as expected and the Monthly close is tad bullish . Today's provisional Trade Data should confirm the new normal number .
74.95 75.15