

Markets remain in a wait-and-see mode ahead of Fed decision .Fed will taper at a faster pace of \$ 30 bio as it does not want to stay behind the curve & with a credibility deficit.

Markets now appear far more relaxed about Omicron than political leadership which makes one a little nervous.While this variant is increasingly likely to slow growth, the experience now tells that the supply side inflation is likely to stay firm . That risks an even tougher set of problems for Powell and the FOMC to navigate.

US PPI posted a record annual increase of 9.6% in November-inflation continues to broaden out - rising at the fastest pace in 40 years (index was recalculated in 2014 using different methodology).

USD index : Only level in the way is the horizontal resistance at 96.65. Above that, USD index could make it to 97.75

IFO cuts 2022 GDP forecast to 3.7% from 5.1%. The immediate concern is the energy crisis - with cold weather in the forecast and not nearly enough natural gas, things are looking grim. Dutch TTF gas prices are up another 4%. The prices of power are at insane levels. However Lagarde to stay with transitory rhetoric- break below 1.1260 to see 1.1186 and 1.1030.

Chinese data comes out mixed - fails to impress . Securities Times says PBOC may lower LPR ahead of the holiday season. PBOC injects 500bn yuan through 1 year MLF- at upper end of what was expected- net positive but not unexpected. Incipient signs of USDCNY recovery towards 6.40.

UK unemployment rate fell to 4.2% in the three months through to October, while wages rose by 4.9% and companies hired at a record pace last month. Impact of the end of the furlough scheme was minimal which would have been the final box ticked for MPC, had it not been for omicron, energy prices & Brexit Jitters. 1.3000 break with 1.3330 stop continues to be relevant.

Japanese PM is not considering cutting the sales tax to stimulate consumption while Kuroda to achieve his life ambition of 2% inflation soon .BOJ remains concerned about the spiking short-term interest rates and, therefore, injects liquidity into markets for third day in a row. Stay with USD longs for 115.50 .

USDINR hesitancy to clear the big figure hurdle - some token defence to smoothen the pace too. Markets won't mind staying with USD longs into FOMC as Fed is not

going to help Rupee's woes. 76.14 - 76.17
zone to resist -75.95 76.15 day ?