

Open acknowledgement of aggressive tightening by Fed - Key message is that the Balance sheet squeeze might begin relatively quickly following the rate lift. So the Markets move to price in a more hawkish Fed in 2022 & beyond. With rate hike becoming almost certain in March and the threat of QT this year, the dollar should maintain its resilient form.

19.6 million jobs were lost in March-April 2020. 15.8 million jobs have been added back. Still 3.8 million to go but there are 10.5 million job openings. So employment goal is done -Fed to focus on inflation

Super strong ADP (807k ag 405k exp) as well. Jobless claims & ISM services today and payroll tomorrow. Dollar index has been trading sideways since peaking on Nov. 24 - setting the stage for a major breakout, A close above 96.938 is key to

the test of 102.99-89.206 pandemic drop's 61.8% at 97.725.

Market pricing in a 10bp ECB hike by year's end & 80bps of Fed hikes this year. 1.1260
1.1360 stays in tact - Techs lean bearish; bear pennant on daily chart.

Yuan rises on trade-weighted index again; new 6-yr high notched. USDCNY still in consolidation zone 6.3650-6.3744.

Boris rules out lockdown - economy more important than disease .1.65 million new car registration in 2021 -28 7% fewer than in 2019. Wave of price spiral is eroding the confidence across the economy- further 25bp hike on Feb 3 ? .Unlikely 1.3580 break would open the door to 1.3834 Oct/Nov range high. Close below 10 dma at 1.3487- a base this week to be negative

Services 52.1 and Composite 52.5 PMIs

for Dec -Familiar themes -Material and labour shortages & higher input costs. Break and close above 116.50 to aim at Dec 2016's 118.66 peak.

Post pandemic evolution of USDINR is perplexing -at times moves in line with conventional determinants but for weeks stays colour blind- gets attuned to seeing only rupee positives - randomness manifested - Yesterday was one such day - Guess this recurring pattern plays out for a month starting from third week of previous month . 74.35 74.65.