

Lots of noise, but little substance probably describes the last 24 hours in global markets. Omicron relief has been replaced by the rate angst over the past week - such frequent turbulence is likely to stay as the main stay of CY 22 .

Wall Street banks see 4 US hikes in 2022 balanced by **JP Morgan's Kolanovic "time to buy the dip" comments.** Inflation a wild card - Tomorrow's CPI data for an elevated headline annual inflation rate of 7% and 5.4% core, any overshoot would add fuel to betting on aggressive Fed tightening.

Powell set for confirmation hearing where he might offer hints about QT and lift-off. However markets relaxed about this Fed as they may take U turn in few miles - Transitory phase in policy making ?- In politics, White House and Manchin seem nowhere closer to getting Build Back

Better done.

Upmove in EURCHF- which pulled EUR higher - appears to be SNB intervention - something to do with imminent rise in bund yields above 0%. ( if NASDAQ falls, SNB becomes active ). The more value-centric European markets unlikely to suffer technology ill-winds of US. 1.1260 1.1360

China's risky municipal debt build-up may cause fallout. Some local govt financing vehicles may be allowed to default. Rising number of cases - return of Zero covid policy - supply chain disruptions- global inflation - higher export realizations- stronger CNY .6.3830 seems distant

Despite the hawkish Fed overtones, GBP/USD is clinging to a slight gain for 2022 so far, as markets see Fed and BoE traveling parallel rate paths. Omicron runs rampant - PM's failings could cost him his job. Break

above 1.3580 to test 1.3834 Oct/Nov high.  
1.3536 break, 10 dma will undermine .

**North Korea test-fires ballistic missile towards Japan just like Fed fires anti inflation rhetoric. No one cares. USDJPY melting in a risk-off environment- stops at 115.52 triggered. Base case JPY weakness valid still - Post CPI jump ?**

USDINR 200 dma caves in - not to think too much on Conventional factors which are no more seen relevant - markets just want to sail with the wind - chances are that 2018 January getting replayed - but now, Unless 74.20 is reclaimed, stare at 73.65.