

China assets slump after weekend news
Fear of broader, harsher lockdowns saps
risk appetite. Possibility of reversion of
earlier easing measures lurks. So base
case global slowdown and inflation
haunts again .

Strong U.S. Black Friday sales - shoppers
spent a record \$9.12 billion online this
Black Friday. With demand staying
elevated & supply chains once again
coming under pressure, the inflation is less
likely to fall . Powell's speech Wednesday
will be important event ahead of payrolls
on Friday.

Gap between 2-year and 10-year German
bund yields fell to -27 bps , which was the
widest inversion since Oct 1992. In the run-
up to the ECB decision on 15 Dec. ECB

speaking this week might provide insight into which way the committee is leaning, with another 75 bp currently heavily priced in. Only consolation so far is that the start of winter has presented with milder weather- flash CPI stands out as the one to watch on Wed. 1.0200 beckons .

Fear of more unrest, harsher lockdowns spurs bearish yuan bets. Overrides PBOC cutting RRR by 25bps on Fri. If USDCNH closes today above 7.2670, the Bollinger uptrend channel will be engaged- USD bulls to bet on a sustained rise beyond Oct record high towards 7.5000 psychological barrier.

UK economy is in recession & it won't be an easy road back. However renaissance of GBP has been fuelled by UK political calm since Sunak took charge. If Truss and

Johnson choose to rock Sunak's boat, it would rise risk of next UK general election being held as early as next year - negative event for pound. Market may be baulking ahead of 200 dma at 1.2185. Break below 1.2049, Thursday low, to target 1.1740.

Rising inflationary pressure in Japan- last time Tokyo inflation was faster was April 1982, when the core CPI was 4.2% higher than a year before. Moreover, the gulf in rates imply an enormous return in holding USD- with BOJ determined to retain easy policy when U.S. rates rising further, room for Yen appreciation is limited. However Thursday's high at 139.60 is still intact, limits spot's recovery attempts.

Declining oil off set by collapsing global demand - not going to swing Trade deficit or BoP dynamics. Reality is Rupee is

nowdays anchored to CNY on account of
Trade dynamics - inextricably linked -
CNYINR below 11.25 less likely .Erosion of
carry .Consolidation 81.50 - 82.00.
81.70 81.90