

Over done Powell-reversal plus month end flows pushed the risk as well as equities too far. Powell did acknowledge slowing in pace of hikes but his core message was stubbornly high core inflation, particularly in the core services ex-housing category. This category is largely driven by wages and an area where the Fed struggles to see labour supply improving anytime soon.

ISM mfg index's first contractionary reading in 2-1/2 years, with weak details throughout the report. (Markets were looking for a worse ISM number after the poor regional data). Core PCE price index climbed 5.0% y/y in Oct after rising 5.2% in Sep. Continuing claims are over 1.6 million and with Challenger report, showing a big reversal in the last few months, - a weakening economy

Risk-on flows may eventually be tripped up when weakening economic data reverts to being seen as bad news and may become risk aversion medium-term with Europe and China facing greater risk than U.S. . Moreso ,Thinning December markets and seasonal dollar weakness - hence its not prudent to draw any conclusive evidence for the medium term USD trajectory.

EU edges towards a USD 60 price cap on Russian seaborne oil.Will be interesting to see how the mechanics of the cap work in reality. Unlikely Close above 1.0511 50% 2022 fall targets 1.0615, late June range high

China reopening hopes.USD/CNH consolidates slightly higher to 7.0572 from 7.0390.Ceiling of Bollinger downtrend channel 7.0692 caps intraday.

Sterling catapulted above the key 200 dma hurdle at 1.2155 that had deterred buyers last week. Prices also traded above the 50% Fib of 2021-22 downtrend and August's swing high at 1.2285/915 intraday. With macros not supporting this upswing, it's prudent to stay aside .

Japanese importer, pre-weekend demand eyed into Tokyo fix today. Price probing final 76.4% Fib of 130.40-151.94 rise at 135.48. Monday's 137.50 low a fair point to fade if correction occurs.

Despite the massive transfer of wealth from savers to borrowers over the last 3 years, CAGR GDP growth of very meek 1.80% is a macro concern (beyond the headlines). The structural factors - Carry erosion & Trade deficit - remain in tact not

withstanding the global weak dollar .
However USDINR on the verge of entering
Bollinger downtrend channel - unlikely to
close below 81.08 today - in that case , it
will impart bearish chart bias for near
term. 81.05 81.25 .