

The narrative still centres around the divergence between what Fed *says* they plan to do to wrangle inflation, and what markets *think* Fed will do.

**Summer of the ever-shrinking U.S. trade deficit is over.** For second straight month, US imported more in goods & services than it exported – increasing trade deficit by \$4 billion to \$78 billion in Oct. Nominal export growth slowed sharply to all major regions of the world & this could be a sign of weakening global economic conditions.

Sustained break of 21 dma in USD index @ 106.47 to negate downside bias. Yesterday's 104.89 low to stay in tact.

Thumbrule is range bound price action closer to recent peak in a fundamentally weak currency is bearish. Those who want

to bet on EUR USD downside should have 100 HMA of 1.04948 as a risk defining level. Close below 21 dma @ 1.0364 & and 200dma @ 1.0357 would be bearish.

Diverging Fed-PBOC rate policies, doubts on China economic recovery support. **China YTD (Jan - Nov) trade data show both exports and imports rising (yuan terms).** Focus turns to new nationwide Covid rules due today. Politburo says necessary to promote opening up to outside world. 6.9300-7.0000 consolidation

Surging cost of living prompting a swathe of strike plans. Industrial unrest will impact economy - UK set for a tough winter-Good news is that U.S. & Britain launch energy partnership to initially boost LNG supplies- 10 dma @ 1.2119 under pressure, a base on the close for this move, key support-

break brings 21 dma at 1.1958.

Range yesterday 135.98-137.42. Thinning participation to relegate USD/JPY to range trading. Inside day likely with market cautious, thin, many side-lined for year.

USD/INR has risen 1.7% over the past three sessions. Consistent capital outflows amidst continuing trade deficit - need of the hour is to alleviate the stress of Cash dollar liquidity. More than the token rate hike, Rupee needs either a string of sell buy swaps or an innovative USD repo facility to address the issue of plunging premiums. 82.50 82.80

