

It is a huge week for central bank policy decisions, with Fed ,ECB, BOE ,SNB and Norges Bank - steadying the car rather than slamming the brakes - and all are expected to hike rates 50bp after 75bp last -" globalization" of monetary policy trends whether you like it or not ...

Given 10-year US yields had tumbled nearly 94bp from Oct 4.34% peak to last week 3.40% trough and Nov average hourly earnings increased twice as much as expected, as did core PPI, there's clearly cause to lighten up on Treasury longs and as a subtle corollary USD shorts .

Inverse Yellen trades have worked well in the recent past - she predicts "much lower inflation" by the end of 2023- draw your conclusions

USD index up now - 104.91 to 105.23.  
maybe bracing for US CPI Tomorrow and FOMC day after .The focus will be on the dot plot and where Fed sees the terminal rate. The market expects a 5.0% mean terminal rate by the end of 2023.A hawkish signal would be sent if median expected terminal rate by the end of 2023 is 5.25%.

ECB expected to hike 50 bps and remain reluctantly hawkish.Failure of EURUSD to break strong resistance at 1.0595-1.0605 (55-WMA and 38.2% Fibo of 2021-2022 drop)leads to caution. 1.0440 break to finally stop this shortcovering rally .

Reopening optimism subsides, focus turns to coping with infections- health care system tested as curbs fade - USDCNY Opens at 6.9750 from previous 6.9588 close.Markets trim shorts on failure below

6.9500.USDCNH to challenge 7.00

GBP USD had made a higher base by its 200 dma. Macro drivers are less UK policy angst, converging BoE and Fed rates pricing. Also some relief risk-off flows that hurt sterling have subsided. sideways into BoE policy within Friday 1.2208-1.2310 range .

Takata rules out ending YCC .137.94 Fibo, 23.6% of 151.94 to 133.62 drop, weighs on USD/JPY -"bear trap" under 135.48 Fibo recovery runs out of steam (135.48 Fibo is a 76.4% retrace of 130.40-151.94 Aug-Oct rise). Likely to stay ranged 135.48- 137.94 into the year end.

Cash dollar shortage appears to ease -  
RBI 'recognises' the issue for the first time  
- however over extended local enthusiasm

to stay Dollar short in the face of structural  
flow mismatch keeps the issue alive .  
Correction off 82.80 on expected lines .A  
quiet day between 82.45 82.65.