

Featuring US CPI data, three major central bank meetings & the much-anticipated liquidity drain, this week should shape up to be an eventful one with many headlines predicting turbulence ahead for markets.

Fed is probably conscious of the fact that after most periods of inflation, aggregate prices remain at a permanently higher level. The rate of change however slows down at times but the underlying problem does not tend to go away. Hence Fed may not relent as the markets expect - hawkish skip is less likely- they may very well do a RBA just to make it more emphatic -

EUR/USD struggles amid EZ recession & expected ECB rate hikes. Recession worries mount with Italian industry having had a very poor start in Q2- working days

adjusted measure was down a staggering 7.2% (-3.2% in Mar) - order books are generally emptying across the region at a faster pace than suggested by monthly surveys. Simple thumb rule : **EUR/USD is not moving - so It should be sold** -closed below 21dma (1.0758)- next 10 dma at 1.0727- break there sets up 1.0650.
Resistance : 100dma 1.0807 & 38.2 of April-May fall at 1.0811.

More Chinese banks cut rates-- *paving way for cut in benchmark lending rates (MLF) to guide down LPR.* MLF will be set on Thursday.**USD/CNH scales higher for the second straight day and climbs to a fresh YTD top.** Should stay on course channel top currently pegged at 7.1765-7.1770

Weathering inflation storm in short term is good—but will just leave UK muddling

through in much the same way it has for the last few years. UK has still not seen real business investment recover to highs seen just before Brexit vote-no upside in GBP not withstanding rate hikes - biggest pre-BoE data release is CPI the day before the 22 June meeting. Still believe it's a sell

BOJ dep gov Wakatabe - don't expect a change from BOJ at this week's meeting. History shows that the euro usually climbs against the yen in June - this trend will continue next two weeks - so USDJPY should see strong bids. Buy dips for break above 139.70 for a minimum 141.80.

Hawkish pause in June and hence USDINR stays relatively quiet. Carry erosion is the primary factor - 82.40 82.70 zone to stay in tact. A mild upmove on close above 82.55.

