

Macro shifts never unfold in isolation-

What makes this decisive is not just the pace of change, but the convergence of multiple structural breaks.

Massive, abnormal swings in prices in most of the asset classes cannot be dismissed easily - it could be read as a sign that the markets are expecting a regime shift. Leverage-which drives and exacerbates both explosive rallies and dramatic downturns -is exiting markets enmasse, on account of these perceptions of the macro regime shift .

News that Kevin Warsh would head Fed is one of the reasons that is stirring up markets. However, the stakes go far beyond the simple question of a name. What's at stake is the redefinition of the very role of Fed after fifteen years of "Fed puts" and near-systematic support for the markets- apprehensions of return to a Fed refocused on its core mandate, less inclined to smoothen financial shock.

On data , today's PMI is relevant- further decline in the Prices Paid sub-index and improvement in the Employment sub-index would validate Powell's comment that tension between employment and inflation has diminished, leaving Fed policy in a good place.

All Dollar sellers "warshed" out and Dollar posted its biggest rise primarily on month-end flow and is looking to fill last weekend's down gap from 97.425.

ECB to leave the policy rate unchanged this week at 2.00% for a fifth consecutive meeting. ECB could stress that a further appreciation of the euro would pose downside risks to growth and inflation. When Merz said that boosting the economy would be his main focus this year, a lower EURUSD is what he means to have. Appears challenging for EUR/USD upside - below 1.1850, expect safe passage till 1.1700

China Jan mfg PMI fell back to 49.3, down from Dec 50.1. Non-mfg PMI fell to 49.4, down from 50.2 in Dec.

BOE to keep rates on hold at 3.75% on Thurs after voting 5-4 to cut rates by 25bps at Dec 18 meeting. Persistent inflation suggests the BOE can afford to wait before resuming easing . As expected 1.3850 held and now heading into abyss.

Takaichi's coalition is projected to win 233 or more of the 465 seats. (233 seats are enough for simple majority, 244 seats are required for stable majority). She has revealed her mind by talking up benefits of weaker yen -tone at odds with MoF - later softened her stance. 151.97 supported well as expected and on way to 158.88 before election.

Easing gold offers modest relief - settling into 91.25 91.75 range- however in the bigger macro , structural divergence set to emerge (post Warsh ) between central bank balance sheets would feed through a weaker currency.