

Trump's first term was marked by tariff threats that were frequent, negotiations prolonged whereas final outcomes rarely went to extremes., more or less converging with expectations. Markets are expecting second term also to follow this playbook.

First part of the act in motion :Trump announced 25% tariffs on foreign steel and aluminum, to be enforced "without exceptions or exemptions"- hardball trade diplomacy to extract concessions :Tariffs and rate differentials in high growth economy to provide further impetus to USD

Achieving a rebalanced global trading system through Tariffs is impossible without addressing internal imbalances. US must consolidate its fiscal policy to rein in excessive domestic consumption, while China needs to pursue the exact opposite path.Both are unlikely to happen in the near future .So this three act play to be continuing without an end.

Will Fed do a RBI : There are widespread rumours of a probable revaluation of US gold stocks.Currently, these are valued at \$42 an ounce in national accounts. But observers reckon if these were marked at current values - \$2,900 an ounce - this could inject \$825 billion into the Treasury General Account, via epurchase agreement thereby reducing the issuances-its however unlikely , yet something worth keeping track of .

Today ,Powell's semi-annual testimony before the Senate Banking Committee and then again tomorrow before the House Financial Services Committee. Nothing expected - media's gap filler events.

Europe has persistent trade surpluses with US - it taxes digital services, and it has promoted corporate inversions that shift profits (and tax revenue) into places like Ireland. Add, several European countries are behind in their commitments to NATO defense spending.However, tariffs or no tariffs, are not the primary concern from competitiveness perspective. EURUSD below 1.0300 close., expect a drift back to 1.0125

Trump said he 'loves talking' to his Chinese counterpart.Trump also hailed his "very good personal relationship" with Xi, saying he knows him "probably better than just about anybody in various parts of the world". Optimism trade war has moved here to act No. 2 of playbook with China

Mann said companies will struggle to raise prices this year as consumers are hit by job losses .Bailey speaks on changes in markets.Close below 1.2376 21dma negative for 1.2249 Feb low.

Japanese holiday -Key Asian exporters of steel to US include Japan, South Korea, Vietnam while Australia is a major exporter of aluminum."No one is spared" means Japan as well impacted - so safe haven status of yen from Tariff angle, which has helped yen in the recent weeks , has gone - so markets would revisit case of JPY strength - buying dips with stop below 151.50 .

Domestic financial markets feel as if their head is spinning with the latest bout of aggression from close to 87.95 to 86.65 -heads normally spin when a policy error occur - unfortunately , Cutting rates did not get the market determined rates lower - large sized intervention does not materially change the markets' view of the future unless the confidence is restored through communication ,Old range high 86.65 - 86.70 to serve as a classical support (if God willing)