Markets are not yet fully pricing out tariff threat - tariffs have been only delayed by a month and importantly rollercoaster of trade news in the past few days has left markets with higher degree of uncertainty. However a measure of calm as threat of tariffs fails to meet criteria of an actionable market shock.

China didn't hit back too hard and that was good news -with these tariffs only coming into force on 10 Feb, there is still room for a deal, although there are reports Trump is in no hurry to talk to Xi.

Previously no one used to care how US govt financed its expenses - however as of now, in the context of large deficits there is palpable anxiety as to whether there is a plan to increase size of auctions. Today's announcement is sensitive as it will be the first since Scott Bessent took over.

Beyond Trump, there is life as well - Jan Payroll number typically sees positive seasonal adjustments to compensate for holiday worker layoffs.In 2022-23, lower seasonal hiring led to upside surprise (+483k).This year, there has been normal seasonal hiring - hence less upside surprise & softer job gains.payrolls might slow to 150k - benchmark revisions could be a major wildcard

Trump has already hinted EU is next on his tariff list but markets remain confident he would walk back after announcements-EUR/USD struggles to capitalize recovery from 1.0125 beyond 1.0400-EURUSD above 1.0362 - Stopped out - standing aside .

10% tariffs are a far cry from the upwards of 60% tariffs that Trump suggested he could levy on Chinese goods while on the campaign trail- so no one perturbed in China sofar. The expectation is that Trump may be biding his time until he gets results of a larger probe into US-China economic and trade relations that he commissioned in executive order signed on his first day.

GBP emerged as safe haven among pro-cyclical currencies.Another supporting factor for sterling was Starmer's trip to Brussels -officially aimed at strengthening an EU-UK defence path, but on which markets may be double reading an intent by Starmer to gradually reconnect with EU politically. Above 1.2388, short position does not look prudent.

Wages strong in Dec, big boost in winter bonuses -Yield on JGB 2s to 0.765% & 10s to 1.300% highest since 2008/11,While short-term upward momentum has waned in USDJPY below154.50, premature to expect a sustained down move. With US10 year at 4.50 , one requires enormous conviction to stay short USDJPY .

Monetary policy and Exchange rate policy at a critical cross roads - markets almost sure on Rate cut (expectations range from shallow to deep to trivial to non trivial) .The most expensive endeavour ever launched just weeks back for ensuring exchange rate stability spending nearly $100 bio should be at the back of the minds of atleast internal members of MPC before they vote for rate cut to please this audience -