We won't get any policy meat on the bones until Jan 20 when there might probably be more clarity on tariff & immigration plans.Hence it's a stretch to have much conviction now - FX segment chooses to stay in ranges -

Post CPI bond & equity exuberance may be explained thus : There was a growing apprehension that inflation might force Fed to have to even contemplate raising rates in the near term & that has been taken off the table just a bit- doesn't imply that Fed is going to ease especially when Core CPI has risen between 3.2% and 3.3% y/y for now 7 straight months and thus has gone sideways.

CPI data reflected exactly what transpired in Dec presser - Powell was asked whether a tick down in core inflation would count as progress even if the overall inflation measure goes up. He responded : "People don't experience core inflation; they experience inflation, and that includes food & energy costs. So that's the overall goal,"

Consumer psyches have been scarred by the high inflation of last few years, so Fed may err on the side of not cheering this report as much as markets. Empire State Mfg fell fifteen points to -12.6 confirming the manufacturing slowdown.

European rates drop noticeably, confirming broader influence of US dynamics. German economy contracted second year- wobbly French coalition adds to woes. Lingering doubts over sustainability of the recovery in EURUSD and hence target 1.0198 below 1.0336.

China to release tomorow that economy grew at 5 % in 2024. However markets , to put it mildly, are unconvinced- official data probably might be overstating household and govt consumption, as well as GCF which could have been negative in reality due to property crisis .

U.K. Dec CPI ran cool. Headline came a tick lower than expected at 2.5% y/y vs. 2.6% in Nov.Gilts outperformed with long-end rates dropped up to 20bp.Fevered debate of recent days should now abate, atallowing Reeves some space.GBP failed to even meet a minimum correction level at 1.2268 and hence anticipate 1.2038 .

Hike is premature and ruled out but Ueda/Himino hints of debate hit a nerve.Kato warns that govt would take appropriate action.Despite USD/JPY's decline since Friday's 158.88 peak, the bias remains on the upside. Support 156.47 Fibo, 23.6% retrace of the 148.65 to 158.88.Wait for the leaks to get into a long Dollar position.

The markets are slowly learning to adopt to the new conditions and range -the broad range 86.20- 86.70 holds - the 'worst is over' noise slowly gains - but once it hits crescendo , break of 86.70 to happen.