

More of the same' is the general theme as the markets tread cautiously without any conviction to add risk -focus on squaring up positions & hedging downside risk.

Reports that Trump's team is discussing a gradual approach to tariffs.If tariffs are ongoing as per this report , then certainly a steady stream of price rises. Experience tells its a fool's errand to trade this" tariff noise", as a denial will be hitting screens when you start laying bets on this news.

Markets relieved that US PPI final demand came lower - the jarring note however is that components that feed into core PCE bumped higher.Small business sentiment improves on public policy certainty at it presages a strong surge in hiring this year.

Howsoever irrelevant in current scheme of things ( where Fed's influence has waned) media hype about today's CPI release - As inflation expectations are breaking out to upside, how CPI can make any impact ?

ECB'S hawk Holzmann said "What will happen in two weeks time I don't know,"  
On the other hand Lane said "We also need to make sure that the economy does not grow too slowly".Middle-of-the-road French budget compromise would be a marginal positive. Need a close above last week's 1.0437 high to get excited or else to sell this rally with a stop at 1.0312, for 1.0198.

Is this the early sign of emerging global trend of National capitalism as Russel Napier called - which eventually could break the conventional monetary system - Talk of a possible sale of TikTok's U.S. assets to Elon Musk - expectations Musk might resolve the trade friction between China & Trump

Reeves tells Tory MP to 'get real' and that UK bond market challenges are similar to those in other countries - blames global volatility . Accountants say UK business morale sank to a 2-year low in late 2024- -Most business surveys agree the budget hit sentiment and the outlook hard. CPI unlikely to offer positive surprise to halt the sell-off in GBP & gilts. 1.2038 next .

Ueda says "will raise rates & adjust degree of monetary support if improvement in economy and price conditions continues" November data showed Japan investors became net buyers of U.S. bonds (JPY993 bln) after one month of net selling. Better to wait for sustained strength above 158.10 to target 161.96.

Rumours of adoption of "Flexible rupee" regime as the markets reorient themselves from previous regime - consolidation in the landing zone 86.20-86.70 continues .