

Slew of monetary policy actions by Central Banks seem to suggest return of conventional monetary policy making . However the fact is that it is impossible for them to revert to that era, as the last decade of monetary policy has permanently changed the role of central banks.

Debt monetization is now their critical responsibility - required to keep most of the economies functioning as debt/GDP ratios continue to climb. inability of the long term yields to move higher just tells us how MMT has become the reality - it will require a much more dramatic, and long-lasting, negative shock for that to change.

In this context, the dollar has further to run higher till such time Equities and long term

binds stay supported. Dollar's decline would be the outlet valve required for the economy when both equities and bonds start wilting . But that is many months away. For now, buy dollars and buy stocks.

**ECB hawks not happy extending PEPP reinvestments to 2024 and not setting end date. ECB however less dovish -EUR/USD trading lower in long term downward sloping channel since May 26th & halted at its most recent low of 1.1186 Nov 26th-continuity after consolidation between 1.1260 1.1360.**

Shocker of the year- BOE takes the plunge -starts tightening cycle into slower economic activity ,faster spread of virus and Brexit jitters. **Dec GfK cons confidence -15 (pre -14).GBPUSD biggest daily gains in a month - stopped at 1.3330 break. Big picture still negative - would prefer to stay aside**

**BOJ leaves policy unchanged -to scale  
back pandemic-stimulus after March(?)  
Stronger dollar bias still relevant - 113.30  
113.80 holds now .**

**USDINR : Life beyond 76.00 is relatively  
well settled - Fed not a factor and it's just  
trade deficit that matters - absence of  
supplies yesterday suggests acceptance.  
Consolidation for now within 76.10 76.30**