

It appears that risk rally -currently in progress -is beginning to tire, for an extended period, perhaps a couple of weeks around current levels of consolidation, before again resuming a major down-trend of quite significant quantum.

Alphabet results reinforce that the global trend toward a more digital economy has made US Big Tech resistant to any market shocks - US economy continues to derive the advantage as it was the case in the last decade- so don't write off US so long you Google ..

Yesterday's data brought home the twin issues haunting US economy viz. supply chain disruptions & labour shortage.

ISM PMI dropped 1.2 points to 57.6, just

above expectations - the lowest reading since Nov 2020. Drop in 'new orders' segment lowest since Jun 2020 - 'prices paid' subindex - surged 7.9 points to 76.1. Massive interruptions to production due to suppliers impacted by covid.

JOLTS job openings 10.925 m vs 10.562 m last month- all time high . Job openings rate unchanged at 6.8%

Bullard, Harker play down chances of 50-bps Mar hike. USD index soft - Close below the 96.35 rising 10 dma suggest range trading. Horizontal 94.70-97.18 BB defines the broad range.

EZ PMI shows soaring Raw material prices - factories pass on - output prices index climbed to 72.7 from 70.2 - the second-highest reading in two decades. But ECB

not likely to roll back its dovish rhetoric -

While there have been a few hopeful data points from Europe recently, it remains well behind in pandemic recovery.

If the ECB isn't as hawkish as markets expect -- with 37bp of rate hikes currently priced in by year-end -- the dollar will be in better shape to deal with the weak payroll on Friday. 1.1230 1.1280.

USD/CNH consolidates after failing at 38.2% of Sept-Jan decline at 6.3866.

Sterling recovers with the view that BoE would be hawkish tomorrow- Johnson still under pressure . 1.3496 - 1.3558.

Falling Treasury-JGB yields spreads.

Pullback from Friday's post-Fed 115.68 high has been aided by 10-year JGB yields

rising almost to BOJ's YCC cap 20bp.
That cap should hold. 114.56 -114.88.

Markets have been attuned to "big bang"
announcements- go disappointed -
comfort of global liquidity- fragile growth
- confidence stemming from supportive
Central bank - but Bonds nit amused - to
provide lead to the rest of the markets - Oil
to stay as a key risk - Jan trade numbers
aberration ? - 74.65 74.95