

Financial markets are factoring an imminent attack after the call out of a US Senator Marco Rubio (Vice Chairman of Select Committee on Intelligence) .With geopolitics subsuming economic data this week, it is hard to construct a bullish case for risk in the days ahead.

This geo political risk cant be dismissed off as garden variey- hence it is not the moment to worry about the demand destruction. Fed has to regain credibility on inflation, and that's a recipe for further flattening.

Treasury sold \$53 billion in five-year notes to yield 1.88%. A strong auction often has been seen in this rising-rates environment followed by poor performance later.

Daly's hawkish turn suggests 'urgency' on

policy tightening - says should start with a quarter-point interest rate hike in March - too early to call for half-point hike down the road can decide if half-point hikes are necessary.

Headline HICP Flash 5.1%,- Core HICP at 2.3% . ECB's Pablo Hernandez de Cos said conditions for rate hike might be met earlier than previously thought. (As it stands, market continues to price in roughly 40bps of ECB rate hikes by year-end vs roughly 160bps of Fed rate hikes). ECB's Lane was pragmatic as he said geopolitical tensions key .Widening EU-US yield differentials :10yr Bund -2bp, 10yr UST +5bp. Break of 1.1264, 61.8% Jan-Feb rise should see sell off till 1.1122.

Yuan's safe haven appeal becoming clearer; yuan index jumps.Trade-weighted

index nearing 6-yr high notched in Jan.
6.30 break could see deeper slide.

BoE's Tenreyro: one more rate hike viable,
based on Feb outlook - Cautious tone
makes Mar 17 hike of more than 25bp
unlikely. Yesterday's dip leaves GBPUSD
back at the 1.3554 mid point of 2022
range -obj 1.3467, 61.8% Jan-Feb bounce.

USD/JPY capped at Tuesday's rebound
high. Support from 50% Fib of Tues-Wed
rise at 114.87. This war is different as its
inflationary - safe haven tag need not work
114.50 116.50

USDINR should stay well supported at
74.65 and again test 75.00. Geopolitical
risk is emerging as a serious obstacle for
the much awaited IPO- heavily positioned
markets may still want to stay optimistic

of a rollout , but the pragmatism suggests otherwise .