

Markets trade sometimes tight with risk undertone and at times tight with the Ukraine trade and associated ceasefire optimism - oil being the indicator - Odds we are sleepwalking into one serious risk-off episode- are decent.

So many moving parts -but intertwined with the clear risk of a spell of global Stagflation : Epic sell off in Chinese stocks, Chinese lockdowns, Treasuries in curve re-steepening. NY Fed survey shows step-up in long term inflation expectations. Today's likely 0.9% rise in U.S. PPI - Focus on Retail sales & FOMC tomorrow.

Optimism on Russia-Ukraine peace talks squeezed EUR shorts. Dour German ZEW expected today. Negative trending signals target a test of 1.0636 2020 base .Close above well tested 1.0971 10 dma would be

neutral. 1.0920- 1.0970 range - unlikely to extend too far ahead of FOMC.

Rising covid cases undermines yuan sentiment. Yuan mid-point 6.3760. PBOC renews medium-term loans, surprisingly keeps rate unchanged. **China's Jan-Feb Retail Sales jump 6.7%, Industrial Output leaps 7.5% – big beat.**

UK inflation to reach 8% later this year . BoE rate decision Thursday; 25 bp hike to 0.75% expected. Sudden realization that there could be a surprise 50 bp . Chance of 50 bps hike is currently 35%, vs 16% Friday vs 0 % on Mar 1.

Commodity Shock erodes JPY - being a safe haven is a history - surging Treasury-JGB yield spreads as well. Suzuki says FX stability is very important. Clean break

above 118.60 means mid-121 level, high Feb '16. Options not a factor - no expiries nearby - Hold for 76.4% of 125.86-99.00 pandemic range at 119.52.

Inflation prints are for academics -indian markets trained to cheer only positives - Rupee does not get spooked by higher US yields or stronger global dollar- another listless day - to stay in 76.35- 76.65 .

