Its often said that risk managers should not just react to events; they should have anticipated them well ahead.This skill becomes more important especially in the current context of markets scrambling to see bullish pointers -one year of getting smashed in the face hasn't been enough to trump forty years of conditioning.

At first glance, US GDP Q4 appears fairly upbeat : economy grew at 2.9%. However underneath the hood, demand growth slowed to a crawl and Inventory building is increasingly involuntary rather planned.In summary headline masks the reality- helped by non-cyclical factors as engine of economic growth is in recessionary territory.

South Korea is viewed as a bellwether for global economy- **Korea follows contracting GDP with more bad news - mfg outlook ugliest in 2 years. So the Global economy is not in good shape and as a corollary, USD weakness wont get sustained- not withstanding the expectations of slower Fed in contrast to accelerating ECB .**

On a different page, hopes of avoiding the US debt ceiling expiry - Today 's data includes Core PCE, income, spending and saving.Mich sentiment and pending homes sales unlikely to move the needle. USD index : Clear break of 102.10 likely by weekly close to bolster upside conviction.

ECB might hike by 50bp in both Feb and March & deliver final 25bp in May, leaving deposit rate at 3.25%. Vast issuances & ECB’s reduction of bond holdings to obviously challenge bond market. EUR/ USD risk reversal – the price investors pay for a Euro call over a similar Euro put option – is no longer shifting away from Euro puts. Perhaps that shows 1.0950 is the top.

Markets price 50 bp to 4% on Feb 2 at 71.02%, and another 25bp on March 23. **Close below 21 dma at** 1.2222 would indicate the resumption of downtrend

Tokyo CPI 4.4% y/y, exp 4.0%- Tokyo area inflation precedes nationwide data by around three weeks - a bit of a guide. However Kishida says BoJ 's Dec policy decision was just an operational tweak- (does not augur well when political leadership comments on Monetary policy) - looks no more "tweaks" .Buy the dips for 131.58 break.

The sound and fury in equity markets need not be a immediate concern here. USDINR stays in the predictable range with 81.65 being the pivot .