

Fed often emphasizes the importance of not placing too much weight on any single data release. However payrolls overran Fed - hard one to *not* take notice of .It does appear they are falling behind the curve again

Emerging thumb rule is that so long as Bonds and equities sell off simultaneously, we can conclude that underlying inflation momentum is very strong .With 2- and 10-year Treasury yields rising 15bp and 10bp, respectively, on top of Friday's 20bp and 14bp increases, FX market is pricing back in Fed hikes it had spent recent weeks removing.

Stock market has been acting as if what the Central banks do is *far* more important than what the businesses themselves do. The paradigm is set to change or changing

fast - think of the difference between an earnings miss when rates are at zero vs the earnings miss at 5 % Fed rate - it does matter ..

Today is all about speeches : Biden's State of the Union Address will be monitored for geopolitical ramifications., while Powell talks in Econ. Club of Washington.USD index holding 103.29 well - 104.70 in the anvil.

Euro area bank credit demand drying up and credit standards expected to tighten further. ECB-Fed Divergence Is Baked In Now, But for how long- so EUR/USD is struggling - had fallen 2.95% from Thurs peak of 1.1034 to Monday's low.Almost as per script -

Leaving zero-Covid behind is far harder

than enforcing it- reopen enthusiasm
waning .USDCNH breaking 6.7900 is a
bullish signal for 6.8750 test .

Dreary UK data, widening labour strikes,
heavy snowfall & doubts about BoE rate
hikes .Catherine Mann was advocating for
more hikes -"pausing will risk a confusing
"policy boogie".**Ramsden, Pill & Cuncliffe**
next - Supports at 1.2007 Mon low, 200
dma 1.1954, 100 dma 1.1811.

The interesting point is that the markets
cannot profitably short-sell nearest three-
month futures contract, maturing in March,
because BOJ owns the most - (sounds
very similar to stock of a conglomerate?) -
Spread between futures maturing in March
and June - clear signal for USDJPY - stood
at 1.30 yen after widening to much as 2.34
yen on Jan. 23, the biggest gap since Sept.

1999. In early December it was 0.6 yen.

Kuroda is working from home after close contact with COVID patient- bullish dollar?

MoF confirms FX 'stealth' intervention.

135.00 test coming now.

USDINR is obviously on the front foot to test 83.00 handle - thankfully the selling intervention is not intense - 82.60 82.90 .