

Market is swinging back and forth from optimism about better global growth to pessimism on the fall out of elevated rates.

Price action in US equity markets has been nothing but relentless selling. The genesis of the turn might have been in bonds where the US 2s10s spread fell to the most inverted in decades, at least on a closing basis. That may have kicked off some algorithmic selling in stocks and a feedback loop elsewhere.

Waller, Cook, John Williams, & Kashkari **all indicated the need for rates to surpass 5.0% or reinforced the idea of rates staying higher for a longer time.** *Barkin also along the lines of Fed needing to “stay the course” on rates. But by now, the markets are used to this rhetoric- “the fall in*

inflation welcome but fight not over"

German inflation at 8.7% y/y in Jan (8.6% in Dec) .On a monthly basis, CPI rose 1.0%, following previous -0.8% - it's still too early to talk of a peak. 1.0700 in EUR/USD is clearly not a hard floor- sympathy bounce got done and a break of 1.0690 to set up a deeper downmove

Chinese equities not showing the same kind of optimism seen around the world . When China sneezes, the rest of the world tends to catch a cold. Is it in consolidation mode after their impressive recent gains, or it is something more significant?.China Jan CPI +2.1% y/y. PPI soft . USDCNH showing signs of fast impulse into 6.8800

Disparity in BOE expectations illustrates current uncertainty.Bailey backtracked ,

saying that he needed more evidence to be sure that inflation has “turned a corner”. Haskel hawkish - “inflation is more persistent than we expected”. GBPUSD net **bearish** setup, despite bounce. Bet on downside despite being bruised by stop.

It appears Govt will present BoJ Governor nominees on Feb 14.(Amamiya front runner & bullish USDJPY - Yamaguchi not far behind & bearish USDJPY).**Suzuki:** **Japan's fiscal situation severe.****Kuroda :** **benefits (?) of easing greater than side effects. Objective : 38.2% Fibo of Oct-Jan's drop& 200 dma at 136.66/83.**

USDINR continues to consolidate with "all is well" chorus in the back ground - deceptive calm in the equity segment with all eyes on a single stock. Still believe 82.65 82.85 should be the core range and

dips to be bought for 83.00 break .