A hot PPI report & jobless claims- more importantly, Mester : a 'compelling' case for a half-point rate rise at the last FOMC and **Bullard : Fed risks are replay of the 1970s if it can't control inflation soon**

Elevated rates continue to weigh heavily on residential construction : Total housing starts dropped 4.5% to a 1.309 million-unit annual pace in Jan. Housing starts have now declined for five straight months, the longest streak since 2009.

Fed speak and data imply that the market should not expect Fed to stay on cruise control with quarter point hikes.Treasury yields have also surged on the back of further hawkish rate repricing,DXY last at 104.20, **close above** 103.81 targets 105.00.

ECB policymakers and monthly bulletin

hesitate over further rate hikes. Panetta : , "ECB should not unconditionally pre-commit to future policy moves."EUR/USD on cusp of breakdown, stops eyed below 1.0650 for test of 1.0480

Interesting item for equities in the region: A high-profile Chinese investment banker, Chair and CEO of China Renaissance, was reported as not contactable. TIC data shows China now holds their smallest amount of US Treasuries in 13 years.Rising bets for a sharp upmove in USDCNH on close above 6.8800 for 7.00 test .

Pill : potential soft landing a policy: seems that a deal between the UK and EU on the NI Protocol is imminent (Positive GBP albeit temporary) - broader direction on the downside for 1.1500 - GBPUSD 1.1960 break to target 1.1870 2023 base

Structural headwinds -all the high syreet banks who were betting on yen strngth nless than a month agao cave in - USDJPY regains upside momentum near the 1.5-month high- 38.2% Fibo off 151.4-127.22 provides a target at 136.66.

USDINR in the familiar zone of 82.65-82.85. Markets normally ignore strength of global dollar in the first few days and as the global dollar trend gets more traction , the selling interest from all segments stops and a break out ensues (remember 80.00 of Sept) this could be another instance.